

106TH CONGRESS
1ST SESSION

H. R. 3070

To amend the Social Security Act to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide beneficiaries with disabilities meaningful opportunities to work, to extend health care coverage for such beneficiaries, and to make additional miscellaneous amendments relating to Social Security.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 13, 1999

Mr. HULSHOF (for himself, Mr. ARCHER, Mr. SHAW, Mr. CAMP, Ms. DUNN, Mr. ENGLISH, Mr. FOLEY, Mr. HAYWORTH, Mr. HERGER, Mr. HOUGHTON, Mr. RAMSTAD, Mr. THOMAS, and Mr. WELLER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Social Security Act to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide beneficiaries with disabilities meaningful opportunities to work, to extend health care coverage for such beneficiaries, and to make additional miscellaneous amendments relating to Social Security.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Ticket to Work and Work Incentives Improvement Act
4 of 1999”.

5 (b) TABLE OF CONTENTS.—The table of contents is
6 as follows:

Sec. 1. Short title; table of contents.

TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND
RELATED PROVISIONS

Subtitle A—Ticket to Work and Self-Sufficiency

Sec. 101. Establishment of the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Elimination of Work Disincentives

Sec. 111. Work activity standard as a basis for review of an individual’s dis-
abled status.

Sec. 112. Expedited reinstatement of disability benefits.

Subtitle C—Work Incentives Planning, Assistance, and Outreach

Sec. 121. Work incentives outreach program.

Sec. 122. State grants for work incentives assistance to disabled beneficiaries.

TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES

Sec. 201. Expanding State options under the medicaid program for workers
with disabilities.

Sec. 202. Extending medicare coverage for OASDI disability benefit recipients.

Sec. 203. Grants to develop and establish State infrastructures to support
working individuals with disabilities.

Sec. 204. Demonstration of coverage under the medicaid program of workers
with potentially severe disabilities.

Sec. 205. Election by disabled beneficiaries to suspend medigap insurance when
covered under a group health plan.

TITLE III—DEMONSTRATION PROJECTS AND STUDIES

Sec. 301. Extension of disability insurance program demonstration project au-
thority.

Sec. 302. Demonstration projects providing for reductions in disability insur-
ance benefits based on earnings.

Sec. 303. Studies and reports.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Sec. 401. Technical amendments relating to drug addicts and alcoholics.

Sec. 402. Treatment of prisoners.

Sec. 403. Revocation by members of the clergy of exemption from social security coverage.

Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.

Sec. 405. Authorization for State to permit annual wage reports.

Sec. 406. Assessment on attorneys who receive their fees via the Social Security Administration.

Sec. 407. Extension of authority of State medicaid fraud control units.

Sec. 408. Elimination of fraud and abuse associated with certain payments under the medicaid program.

1 TITLE I—TICKET TO WORK AND 2 SELF-SUFFICIENCY AND RE- 3 LATED PROVISIONS

4 Subtitle A—Ticket to Work and 5 Self-Sufficiency

6 SEC. 101. ESTABLISHMENT OF THE TICKET TO WORK AND 7 SELF-SUFFICIENCY PROGRAM.

8 (a) IN GENERAL.—Part A of title XI of the Social
9 Security Act (42 U.S.C. 1301 et seq.) is amended by add-
10 ing after section 1147 (as added by section 8 of the Non-
11 citizen Benefit Clarification and Other Technical Amend-
12 ments Act of 1998 (Public Law 105–306; 112 Stat.
13 2928)) the following:

14 “THE TICKET TO WORK AND SELF-SUFFICIENCY
15 PROGRAM

16 “SEC. 1148. (a) IN GENERAL.—The Commissioner
17 of Social Security shall establish a Ticket to Work and
18 Self-Sufficiency Program, under which a disabled bene-
19 ficiary may use a ticket to work and self-sufficiency issued
20 by the Commissioner in accordance with this section to
21 obtain employment services, vocational rehabilitation serv-

1 ices, or other support services from an employment net-
2 work which is of the beneficiary's choice and which is will-
3 ing to provide such services to such beneficiary.

4 “(b) TICKET SYSTEM.—

5 “(1) DISTRIBUTION OF TICKETS.—The Com-
6 missioner of Social Security may issue a ticket to
7 work and self-sufficiency to disabled beneficiaries for
8 participation in the Program.

9 “(2) ASSIGNMENT OF TICKETS.—A disabled
10 beneficiary holding a ticket to work and self-suffi-
11 ciency may assign the ticket to any employment net-
12 work of the beneficiary's choice which is serving
13 under the Program and is willing to accept the as-
14 signment.

15 “(3) TICKET TERMS.—A ticket issued under
16 paragraph (1) shall consist of a document which evi-
17 dences the Commissioner's agreement to pay (as
18 provided in paragraph (4)) an employment network,
19 which is serving under the Program and to which
20 such ticket is assigned by the beneficiary, for such
21 employment services, vocational rehabilitation serv-
22 ices, and other support services as the employment
23 network may provide to the beneficiary.

24 “(4) PAYMENTS TO EMPLOYMENT NET-
25 WORKS.—The Commissioner shall pay an employ-

1 ment network under the Program in accordance with
2 the outcome payment system under subsection
3 (h)(2) or under the outcome-milestone payment sys-
4 tem under subsection (h)(3) (whichever is elected
5 pursuant to subsection (h)(1)). An employment net-
6 work may not request or receive compensation for
7 such services from the beneficiary.

8 “(c) STATE PARTICIPATION.—

9 “(1) IN GENERAL.—Each State agency admin-
10 istering or supervising the administration of the
11 State plan approved under title I of the Rehabilita-
12 tion Act of 1973 may elect to participate in the Pro-
13 gram as an employment network with respect to a
14 disabled beneficiary. If the State agency does elect
15 to participate in the Program, the State agency also
16 shall elect to be paid under the outcome payment
17 system or the outcome-milestone payment system in
18 accordance with subsection (h)(1). With respect to a
19 disabled beneficiary that the State agency does not
20 elect to have participate in the Program, the State
21 agency shall be paid for services provided to that
22 beneficiary under the system for payment applicable
23 under section 222(d) and subsections (d) and (e) of
24 section 1615. The Commissioner shall provide for
25 periodic opportunities for exercising such elections.

1 “(2) EFFECT OF PARTICIPATION BY STATE
2 AGENCY.—

3 “(A) STATE AGENCIES PARTICIPATING.—

4 In any case in which a State agency described
5 in paragraph (1) elects under that paragraph to
6 participate in the Program, the employment
7 services, vocational rehabilitation services, and
8 other support services which, upon assignment
9 of tickets to work and self-sufficiency, are pro-
10 vided to disabled beneficiaries by the State
11 agency acting as an employment network shall
12 be governed by plans for vocational rehabilita-
13 tion services approved under title I of the Reha-
14 bilitation Act of 1973.

15 “(B) STATE AGENCIES ADMINISTERING
16 MATERNAL AND CHILD HEALTH SERVICES PRO-
17 GRAMS.—Subparagraph (A) shall not apply
18 with respect to any State agency administering
19 a program under title V of this Act.

20 “(3) AGREEMENTS BETWEEN STATE AGENCIES
21 AND EMPLOYMENT NETWORKS.—State agencies and
22 employment networks shall enter into agreements re-
23 garding the conditions under which services will be
24 provided when an individual is referred by an em-
25 ployment network to a State agency for services.

1 The Commissioner of Social Security shall establish
2 by regulations the timeframe within which such
3 agreements must be entered into and the mecha-
4 nisms for dispute resolution between State agencies
5 and employment networks with respect to such
6 agreements.

7 “(d) RESPONSIBILITIES OF THE COMMISSIONER OF
8 SOCIAL SECURITY.—

9 “(1) SELECTION AND QUALIFICATIONS OF PRO-
10 GRAM MANAGERS.—The Commissioner of Social Se-
11 curity shall enter into agreements with 1 or more or-
12 ganizations in the private or public sector for service
13 as a program manager to assist the Commissioner in
14 administering the Program. Any such program man-
15 ager shall be selected by means of a competitive bid-
16 ding process, from among organizations in the pri-
17 vate or public sector with available expertise and ex-
18 perience in the field of vocational rehabilitation or
19 employment services.

20 “(2) TENURE, RENEWAL, AND EARLY TERMI-
21 NATION.—Each agreement entered into under para-
22 graph (1) shall provide for early termination upon
23 failure to meet performance standards which shall be
24 specified in the agreement and which shall be
25 weighted to take into account any performance in

1 prior terms. Such performance standards shall
2 include—

3 “(A) measures for ease of access by bene-
4 ficiaries to services; and

5 “(B) measures for determining the extent
6 to which failures in obtaining services for bene-
7 ficiaries fall within acceptable parameters, as
8 determined by the Commissioner.

9 “(3) PRECLUSION FROM DIRECT PARTICIPA-
10 TION IN DELIVERY OF SERVICES IN OWN SERVICE
11 AREA.—Agreements under paragraph (1) shall
12 preclude—

13 “(A) direct participation by a program
14 manager in the delivery of employment services,
15 vocational rehabilitation services, or other sup-
16 port services to beneficiaries in the service area
17 covered by the program manager’s agreement;
18 and

19 “(B) the holding by a program manager of
20 a financial interest in an employment network
21 or service provider which provides services in a
22 geographic area covered under the program
23 manager’s agreement.

24 “(4) SELECTION OF EMPLOYMENT NET-
25 WORKS.—

1 “(A) IN GENERAL.—The Commissioner
2 shall select and enter into agreements with em-
3 ployment networks for service under the Pro-
4 gram. Such employment networks shall be in
5 addition to State agencies serving as employ-
6 ment networks pursuant to elections under sub-
7 section (c).

8 “(B) ALTERNATE PARTICIPANTS.—In any
9 State where the Program is being implemented,
10 the Commissioner shall enter into an agreement
11 with any alternate participant that is operating
12 under the authority of section 222(d)(2) in the
13 State as of the date of enactment of this section
14 and chooses to serve as an employment network
15 under the Program.

16 “(5) TERMINATION OF AGREEMENTS WITH EM-
17 PLOYMENT NETWORKS.—The Commissioner shall
18 terminate agreements with employment networks for
19 inadequate performance, as determined by the Com-
20 missioner.

21 “(6) QUALITY ASSURANCE.—The Commissioner
22 shall provide for such periodic reviews as are nec-
23 essary to provide for effective quality assurance in
24 the provision of services by employment networks.
25 The Commissioner shall solicit and consider the

1 views of consumers and the program manager under
2 which the employment networks serve and shall con-
3 sult with providers of services to develop perform-
4 ance measurements. The Commissioner shall ensure
5 that the results of the periodic reviews are made
6 available to beneficiaries who are prospective service
7 recipients as they select employment networks. The
8 Commissioner shall ensure that the periodic surveys
9 of beneficiaries receiving services under the Program
10 are designed to measure customer service satisfac-
11 tion.

12 “(7) DISPUTE RESOLUTION.—The Commis-
13 sioner shall provide for a mechanism for resolving
14 disputes between beneficiaries and employment net-
15 works, between program managers and employment
16 networks, and between program managers and pro-
17 viders of services. The Commissioner shall afford a
18 party to such a dispute a reasonable opportunity for
19 a full and fair review of the matter in dispute.

20 “(e) PROGRAM MANAGERS.—

21 “(1) IN GENERAL.—A program manager shall
22 conduct tasks appropriate to assist the Commis-
23 sioner in carrying out the Commissioner’s duties in
24 administering the Program.

1 “(2) RECRUITMENT OF EMPLOYMENT NET-
2 WORKS.—A program manager shall recruit, and rec-
3 ommend for selection by the Commissioner, employ-
4 ment networks for service under the Program. The
5 program manager shall carry out such recruitment
6 and provide such recommendations, and shall mon-
7 itor all employment networks serving in the Program
8 in the geographic area covered under the program
9 manager’s agreement, to the extent necessary and
10 appropriate to ensure that adequate choices of serv-
11 ices are made available to beneficiaries. Employment
12 networks may serve under the Program only pursu-
13 ant to an agreement entered into with the Commis-
14 sioner under the Program incorporating the applica-
15 ble provisions of this section and regulations there-
16 under, and the program manager shall provide and
17 maintain assurances to the Commissioner that pay-
18 ment by the Commissioner to employment networks
19 pursuant to this section is warranted based on com-
20 pliance by such employment networks with the terms
21 of such agreement and this section. The program
22 manager shall not impose numerical limits on the
23 number of employment networks to be recommended
24 pursuant to this paragraph.

1 “(3) FACILITATION OF ACCESS BY BENE-
2 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-
3 gram manager shall facilitate access by beneficiaries
4 to employment networks. The program manager
5 shall ensure that each beneficiary is allowed changes
6 in employment networks without being deemed to
7 have rejected services under the Program. When
8 such a change occurs, the program manager shall re-
9 assign the ticket based on the choice of the bene-
10 ficiary. Upon the request of the employment net-
11 work, the program manager shall make a determina-
12 tion of the allocation of the outcome or milestone-
13 outcome payments based on the services provided by
14 each employment network. The program manager
15 shall establish and maintain lists of employment net-
16 works available to beneficiaries and shall make such
17 lists generally available to the public. The program
18 manager shall ensure that all information provided
19 to disabled beneficiaries pursuant to this paragraph
20 is provided in accessible formats.

21 “(4) ENSURING AVAILABILITY OF ADEQUATE
22 SERVICES.—The program manager shall ensure that
23 employment services, vocational rehabilitation serv-
24 ices, and other support services are provided to
25 beneficiaries throughout the geographic area covered

1 under the program manager's agreement, including
2 rural areas.

3 “(5) REASONABLE ACCESS TO SERVICES.—The
4 program manager shall take such measures as are
5 necessary to ensure that sufficient employment net-
6 works are available and that each beneficiary receiv-
7 ing services under the Program has reasonable ac-
8 cess to employment services, vocational rehabilitation
9 services, and other support services. Services pro-
10 vided under the Program may include case manage-
11 ment, work incentives planning, supported employ-
12 ment, career planning, career plan development, vo-
13 cational assessment, job training, placement, follow-
14 up services, and such other services as may be speci-
15 fied by the Commissioner under the Program. The
16 program manager shall ensure that such services are
17 available in each service area.

18 “(f) EMPLOYMENT NETWORKS.—

19 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-
20 WORKS.—

21 “(A) IN GENERAL.—Each employment net-
22 work serving under the Program shall consist of
23 an agency or instrumentality of a State (or a
24 political subdivision thereof) or a private entity,
25 that assumes responsibility for the coordination

1 and delivery of services under the Program to
2 individuals assigning to the employment net-
3 work tickets to work and self-sufficiency issued
4 under subsection (b).

5 “(B) ONE-STOP DELIVERY SYSTEMS.—An
6 employment network serving under the Pro-
7 gram may consist of a one-stop delivery system
8 established under subtitle B of title I of the
9 Workforce Investment Act of 1998.

10 “(C) COMPLIANCE WITH SELECTION CRI-
11 TERIA.—No employment network may serve
12 under the Program unless it meets and main-
13 tains compliance with both general selection cri-
14 teria (such as professional and educational
15 qualifications, where applicable) and specific se-
16 lection criteria (such as substantial expertise
17 and experience in providing relevant employ-
18 ment services and supports).

19 “(D) SINGLE OR ASSOCIATED PROVIDERS
20 ALLOWED.—An employment network shall con-
21 sist of either a single provider of such services
22 or of an association of such providers organized
23 so as to combine their resources into a single
24 entity. An employment network may meet the
25 requirements of subsection (e)(4) by providing

1 services directly, or by entering into agreements
2 with other individuals or entities providing ap-
3 propriate employment services, vocational reha-
4 bilitation services, or other support services.

5 “(2) REQUIREMENTS RELATING TO PROVISION
6 OF SERVICES.—Each employment network serving
7 under the Program shall be required under the
8 terms of its agreement with the Commissioner to—

9 “(A) serve prescribed service areas; and

10 “(B) take such measures as are necessary
11 to ensure that employment services, vocational
12 rehabilitation services, and other support serv-
13 ices provided under the Program by, or under
14 agreements entered into with, the employment
15 network are provided under appropriate indi-
16 vidual work plans meeting the requirements of
17 subsection (g).

18 “(3) ANNUAL FINANCIAL REPORTING.—Each
19 employment network shall meet financial reporting
20 requirements as prescribed by the Commissioner.

21 “(4) PERIODIC OUTCOMES REPORTING.—Each
22 employment network shall prepare periodic reports,
23 on at least an annual basis, itemizing for the covered
24 period specific outcomes achieved with respect to
25 specific services provided by the employment net-

1 work. Such reports shall conform to a national
2 model prescribed under this section. Each employ-
3 ment network shall provide a copy of the latest re-
4 port issued by the employment network pursuant to
5 this paragraph to each beneficiary upon enrollment
6 under the Program for services to be received
7 through such employment network. Upon issuance of
8 each report to each beneficiary, a copy of the report
9 shall be maintained in the files of the employment
10 network. The program manager shall ensure that
11 copies of all such reports issued under this para-
12 graph are made available to the public under reason-
13 able terms.

14 “(g) INDIVIDUAL WORK PLANS.—

15 “(1) REQUIREMENTS.—Each employment net-
16 work shall—

17 “(A) take such measures as are necessary
18 to ensure that employment services, vocational
19 rehabilitation services, and other support serv-
20 ices provided under the Program by, or under
21 agreements entered into with, the employment
22 network are provided under appropriate indi-
23 vidual work plans that meet the requirements of
24 subparagraph (C);

1 “(B) develop and implement each such in-
2 dividual work plan, in partnership with each
3 beneficiary receiving such services, in a manner
4 that affords such beneficiary the opportunity to
5 exercise informed choice in selecting an employ-
6 ment goal and specific services needed to
7 achieve that employment goal;

8 “(C) ensure that each individual work plan
9 includes at least—

10 “(i) a statement of the vocational goal
11 developed with the beneficiary, including,
12 as appropriate, goals for earnings and job
13 advancement;

14 “(ii) a statement of the services and
15 supports that have been deemed necessary
16 for the beneficiary to accomplish that goal;

17 “(iii) a statement of any terms and
18 conditions related to the provision of such
19 services and supports; and

20 “(iv) a statement of understanding re-
21 garding the beneficiary’s rights under the
22 Program (such as the right to retrieve the
23 ticket to work and self-sufficiency if the
24 beneficiary is dissatisfied with the services
25 being provided by the employment net-

1 work) and remedies available to the indi-
2 vidual, including information on the avail-
3 ability of advocacy services and assistance
4 in resolving disputes through the State
5 grant program authorized under section
6 1150;

7 “(D) provide a beneficiary the opportunity
8 to amend the individual work plan if a change
9 in circumstances necessitates a change in the
10 plan; and

11 “(E) make each beneficiary’s individual
12 work plan available to the beneficiary in, as ap-
13 propriate, an accessible format chosen by the
14 beneficiary.

15 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—
16 A beneficiary’s individual work plan shall take effect
17 upon written approval by the beneficiary or a rep-
18 resentative of the beneficiary and a representative of
19 the employment network that, in providing such
20 written approval, acknowledges assignment of the
21 beneficiary’s ticket to work and self-sufficiency.

22 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

23 “(1) ELECTION OF PAYMENT SYSTEM BY EM-
24 PLOYMENT NETWORKS.—

1 “(A) IN GENERAL.—The Program shall
2 provide for payment authorized by the Commis-
3 sioner to employment networks under either an
4 outcome payment system or an outcome-mile-
5 stone payment system. Each employment net-
6 work shall elect which payment system will be
7 utilized by the employment network, and, for
8 such period of time as such election remains in
9 effect, the payment system so elected shall be
10 utilized exclusively in connection with such em-
11 ployment network (except as provided in sub-
12 paragraph (B)).

13 “(B) NO CHANGE IN METHOD OF PAY-
14 MENT FOR BENEFICIARIES WITH TICKETS AL-
15 READY ASSIGNED TO THE EMPLOYMENT NET-
16 WORKS.—Any election of a payment system by
17 an employment network that would result in a
18 change in the method of payment to the em-
19 ployment network for services provided to a
20 beneficiary who is receiving services from the
21 employment network at the time of the election
22 shall not be effective with respect to payment
23 for services provided to that beneficiary and the
24 method of payment previously selected shall
25 continue to apply with respect to such services.

1 “(2) OUTCOME PAYMENT SYSTEM.—

2 “(A) IN GENERAL.—The outcome payment
3 system shall consist of a payment structure gov-
4 erning employment networks electing such sys-
5 tem under paragraph (1)(A) which meets the
6 requirements of this paragraph.

7 “(B) PAYMENTS MADE DURING OUTCOME
8 PAYMENT PERIOD.—The outcome payment sys-
9 tem shall provide for a schedule of payments to
10 an employment network, in connection with
11 each individual who is a beneficiary, for each
12 month, during the individual’s outcome pay-
13 ment period, for which benefits (described in
14 paragraphs (3) and (4) of subsection (k)) are
15 not payable to such individual because of work
16 or earnings.

17 “(C) COMPUTATION OF PAYMENTS TO EM-
18 PLOYMENT NETWORK.—The payment schedule
19 of the outcome payment system shall be de-
20 signed so that—

21 “(i) the payment for each month dur-
22 ing the outcome payment period for which
23 benefits (described in paragraphs (3) and
24 (4) of subsection (k)) are not payable is
25 equal to a fixed percentage of the payment

1 calculation base for the calendar year in
2 which such month occurs; and

3 “(ii) such fixed percentage is set at a
4 percentage which does not exceed 40 per-
5 cent.

6 “(3) OUTCOME-MILESTONE PAYMENT SYS-
7 TEM.—

8 “(A) IN GENERAL.—The outcome-mile-
9 stone payment system shall consist of a pay-
10 ment structure governing employment networks
11 electing such system under paragraph (1)(A)
12 which meets the requirements of this para-
13 graph.

14 “(B) EARLY PAYMENTS UPON ATTAIN-
15 MENT OF MILESTONES IN ADVANCE OF OUT-
16 COME PAYMENT PERIODS.—The outcome-mile-
17 stone payment system shall provide for 1 or
18 more milestones, with respect to beneficiaries
19 receiving services from an employment network
20 under the Program, that are directed toward
21 the goal of permanent employment. Such mile-
22 stones shall form a part of a payment structure
23 that provides, in addition to payments made
24 during outcome payment periods, payments
25 made prior to outcome payment periods in

1 amounts based on the attainment of such mile-
2 stones.

3 “(C) LIMITATION ON TOTAL PAYMENTS TO
4 EMPLOYMENT NETWORK.—The payment sched-
5 ule of the outcome milestone payment system
6 shall be designed so that the total of the pay-
7 ments to the employment network with respect
8 to each beneficiary is less than, on a net
9 present value basis (using an interest rate de-
10 termined by the Commissioner that appro-
11 priately reflects the cost of funds faced by pro-
12 viders), the total amount to which payments to
13 the employment network with respect to the
14 beneficiary would be limited if the employment
15 network were paid under the outcome payment
16 system.

17 “(4) DEFINITIONS.—In this subsection:

18 “(A) PAYMENT CALCULATION BASE.—The
19 term ‘payment calculation base’ means, for any
20 calendar year—

21 “(i) in connection with a title II dis-
22 ability beneficiary, the average disability
23 insurance benefit payable under section
24 223 for all beneficiaries for months during
25 the preceding calendar year; and

1 “(ii) in connection with a title XVI
2 disability beneficiary (who is not concur-
3 rently a title II disability beneficiary), the
4 average payment of supplemental security
5 income benefits based on disability payable
6 under title XVI (excluding State sup-
7 plementation) for months during the pre-
8 ceding calendar year to all beneficiaries
9 who have attained 18 years of age but
10 have not attained 65 years of age.

11 “(B) OUTCOME PAYMENT PERIOD.—The
12 term ‘outcome payment period’ means, in con-
13 nection with any individual who had assigned a
14 ticket to work and self-sufficiency to an employ-
15 ment network under the Program, a period—

16 “(i) beginning with the first month,
17 ending after the date on which such ticket
18 was assigned to the employment network,
19 for which benefits (described in paragraphs
20 (3) and (4) of subsection (k)) are not pay-
21 able to such individual by reason of en-
22 gagement in substantial gainful activity or
23 by reason of earnings from work activity;
24 and

1 “(ii) ending with the 60th month
2 (consecutive or otherwise), ending after
3 such date, for which such benefits are not
4 payable to such individual by reason of en-
5 gagement in substantial gainful activity or
6 by reason of earnings from work activity.

7 “(5) PERIODIC REVIEW AND ALTERATIONS OF
8 PRESCRIBED SCHEDULES.—

9 “(A) PERCENTAGES AND PERIODS.—The
10 Commissioner shall periodically review the per-
11 centage specified in paragraph (2)(C), the total
12 payments permissible under paragraph (3)(C),
13 and the period of time specified in paragraph
14 (4)(B) to determine whether such percentages,
15 such permissible payments, and such period
16 provide an adequate incentive for employment
17 networks to assist beneficiaries to enter the
18 workforce, while providing for appropriate
19 economies. The Commissioner may alter such
20 percentage, such total permissible payments, or
21 such period of time to the extent that the Com-
22 missioner determines, on the basis of the Com-
23 missioner’s review under this paragraph, that
24 such an alteration would better provide the in-

centive and economies described in the preceding sentence.

“(B) NUMBER AND AMOUNT OF MILESTONE PAYMENTS.—The Commissioner shall periodically review the number and amounts of milestone payments established by the Commissioner pursuant to this section to determine whether they provide an adequate incentive for employment networks to assist beneficiaries to enter the workforce, taking into account information provided to the Commissioner by program managers, the Ticket to Work and Work Incentives Advisory Panel established by section 101(f) of the Ticket to Work and Work Incentives Improvement Act of 1999, and other reliable sources. The Commissioner may from time to time alter the number and amounts of milestone payments initially established by the Commissioner pursuant to this section to the extent that the Commissioner determines that such an alteration would allow an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Such alteration shall be based on information provided to the Commissioner by program managers, the Ticket

1 to Work and Work Incentives Advisory Panel
2 established by section 101(f) of the Ticket to
3 Work and Work Incentives Improvement Act of
4 1999, or other reliable sources.

5 “(C) REPORT ON THE ADEQUACY OF IN-
6 CENTIVES.—The Commissioner shall submit to
7 Congress not later than 36 months after the
8 date of the enactment of the Ticket to Work
9 and Work Incentives Improvement Act of 1999
10 a report with recommendations for a method or
11 methods to adjust payment rates under sub-
12 paragraphs (A) and (B), that would ensure ade-
13 quate incentives for the provision of services by
14 employment networks of—

15 “(i) individuals with a need for ongoing
16 support and services;

17 “(ii) individuals with a need for high-
18 cost accommodations;

19 “(iii) individuals who earn a submini-
20 mum wage; and

21 “(iv) individuals who work and receive
22 partial cash benefits.

23 The Commissioner shall consult with the Ticket
24 to Work and Work Incentives Advisory Panel
25 established under section 101(f) of the Ticket

1 to Work and Work Incentives Improvement Act
 2 of 1999 during the development and evaluation
 3 of the study. The Commissioner shall imple-
 4 ment the necessary adjusted payment rates
 5 prior to full implementation of the Ticket to
 6 Work and Self-Sufficiency Program.

7 “(i) SUSPENSION OF DISABILITY REVIEWS.—During
 8 any period for which an individual is using, as defined by
 9 the Commissioner, a ticket to work and self-sufficiency
 10 issued under this section, the Commissioner (and any ap-
 11 plicable State agency) may not initiate a continuing dis-
 12 ability review or other review under section 221 of whether
 13 the individual is or is not under a disability or a review
 14 under title XVI similar to any such review under section
 15 221.

16 “(j) AUTHORIZATIONS.—

17 “(1) PAYMENTS TO EMPLOYMENT NET-
 18 WORKS.—

19 “(A) TITLE II DISABILITY BENE-
 20 FICIARIES.—There are authorized to be trans-
 21 ferred from the Federal Old-Age and Survivors
 22 Insurance Trust Fund and the Federal Dis-
 23 ability Insurance Trust Fund each fiscal year
 24 such sums as may be necessary to make pay-
 25 ments to employment networks under this sec-

1 tion. Money paid from the Trust Funds under
2 this section with respect to title II disability
3 beneficiaries who are entitled to benefits under
4 section 223 or who are entitled to benefits
5 under section 202(d) on the basis of the wages
6 and self-employment income of such bene-
7 ficiaries, shall be charged to the Federal Dis-
8 ability Insurance Trust Fund, and all other
9 money paid from the Trust Funds under this
10 section shall be charged to the Federal Old-Age
11 and Survivors Insurance Trust Fund.

12 “(B) TITLE XVI DISABILITY BENE-
13 FICIARIES.—Amounts authorized to be appro-
14 priated to the Social Security Administration
15 under section 1601 (as in effect pursuant to the
16 amendments made by section 301 of the Social
17 Security Amendments of 1972) shall include
18 amounts necessary to carry out the provisions
19 of this section with respect to title XVI dis-
20 ability beneficiaries.

21 “(2) ADMINISTRATIVE EXPENSES.—The costs
22 of administering this section (other than payments
23 to employment networks) shall be paid from
24 amounts made available for the administration of
25 title II and amounts made available for the adminis-

1 tration of title XVI, and shall be allocated among
2 such amounts as appropriate.

3 “(k) DEFINITIONS.—In this section:

4 “(1) COMMISSIONER.—The term ‘Commis-
5 sioner’ means the Commissioner of Social Security.

6 “(2) DISABLED BENEFICIARY.—The term ‘dis-
7 abled beneficiary’ means a title II disability bene-
8 ficiary or a title XVI disability beneficiary.

9 “(3) TITLE II DISABILITY BENEFICIARY.—The
10 term ‘title II disability beneficiary’ means an indi-
11 vidual entitled to disability insurance benefits under
12 section 223 or to monthly insurance benefits under
13 section 202 based on such individual’s disability (as
14 defined in section 223(d)). An individual is a title II
15 disability beneficiary for each month for which such
16 individual is entitled to such benefits.

17 “(4) TITLE XVI DISABILITY BENEFICIARY.—
18 The term ‘title XVI disability beneficiary’ means an
19 individual eligible for supplemental security income
20 benefits under title XVI on the basis of blindness
21 (within the meaning of section 1614(a)(2)) or dis-
22 ability (within the meaning of section 1614(a)(3)).
23 An individual is a title XVI disability beneficiary for
24 each month for which such individual is eligible for
25 such benefits.

1 “(5) SUPPLEMENTAL SECURITY INCOME BEN-
 2 EFIT.—The term ‘supplemental security income ben-
 3 efit under title XVI’ means a cash benefit under sec-
 4 tion 1611 or 1619(a), and does not include a State
 5 supplementary payment, administered federally or
 6 otherwise.

7 “(1) REGULATIONS.—Not later than 1 year after the
 8 date of the enactment of the Ticket to Work and Work
 9 Incentives Improvement Act of 1999, the Commissioner
 10 shall prescribe such regulations as are necessary to carry
 11 out the provisions of this section.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) AMENDMENTS TO TITLE II.—

14 (A) Section 221(i) of the Social Security
 15 Act (42 U.S.C. 421(i)) is amended by adding at
 16 the end the following:

17 “(5) For suspension of reviews under this subsection
 18 in the case of an individual using a ticket to work and
 19 self-sufficiency, see section 1148(i).”.

20 (B) Section 222(a) of such Act (42 U.S.C.
 21 422(a)) is repealed.

22 (C) Section 222(b) of such Act (42 U.S.C.
 23 422(b)) is repealed.

24 (D) Section 225(b)(1) of such Act (42
 25 U.S.C. 425(b)(1)) is amended by striking “a

1 program of vocational rehabilitation services”
 2 and inserting “a program consisting of the
 3 Ticket to Work and Self-Sufficiency Program
 4 under section 1148 or another program of voca-
 5 tional rehabilitation services, employment serv-
 6 ices, or other support services”.

7 (2) AMENDMENTS TO TITLE XVI.—

8 (A) Section 1615(a) of such Act (42
 9 U.S.C. 1382d(a)) is amended to read as follows:
 10 “SEC. 1615. (a) In the case of any blind or disabled
 11 individual who—

12 “(1) has not attained age 16; and

13 “(2) with respect to whom benefits are paid
 14 under this title,

15 the Commissioner of Social Security shall make provision
 16 for referral of such individual to the appropriate State
 17 agency administering the State program under title V.”.

18 (B) Section 1615(c) of such Act (42
 19 U.S.C. 1382d(c)) is repealed.

20 (C) Section 1631(a)(6)(A) of such Act (42
 21 U.S.C. 1383(a)(6)(A)) is amended by striking
 22 “a program of vocational rehabilitation serv-
 23 ices” and inserting “a program consisting of
 24 the Ticket to Work and Self-Sufficiency Pro-
 25 gram under section 1148 or another program of

1 vocational rehabilitation services, employment
2 services, or other support services”.

3 (D) Section 1633(c) of such Act (42
4 U.S.C. 1383b(c)) is amended—

5 (i) by inserting “(1)” after “(c)”; and

6 (ii) by adding at the end the fol-
7 lowing:

8 “(2) For suspension of continuing disability reviews
9 and other reviews under this title similar to reviews under
10 section 221 in the case of an individual using a ticket to
11 work and self-sufficiency, see section 1148(i).”.

12 (c) EFFECTIVE DATE.—Subject to subsection (d),
13 the amendments made by subsections (a) and (b) shall
14 take effect with the first month following 1 year after the
15 date of the enactment of this Act.

16 (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

17 (1) IN GENERAL.—Not later than 1 year after
18 the date of the enactment of this Act, the Commis-
19 sioner of Social Security shall commence implemen-
20 tation of the amendments made by this section
21 (other than paragraphs (1)(C) and (2)(B) of sub-
22 section (b)) in graduated phases at phase-in sites se-
23 lected by the Commissioner. Such phase-in sites
24 shall be selected so as to ensure, prior to full imple-
25 mentation of the Ticket to Work and Self-Suffi-

1 ciency Program, the development and refinement of
2 referral processes, payment systems, computer link-
3 ages, management information systems, and admin-
4 istrative processes necessary to provide for full im-
5 plementation of such amendments. Subsection (c)
6 shall apply with respect to paragraphs (1)(C) and
7 (2)(B) of subsection (b) without regard to this sub-
8 section.

9 (2) REQUIREMENTS.—Implementation of the
10 Program at each phase-in site shall be carried out
11 on a wide enough scale to permit a thorough evalua-
12 tion of the alternative methods under consideration,
13 so as to ensure that the most efficacious methods
14 are determined and in place for full implementation
15 of the Program on a timely basis.

16 (3) FULL IMPLEMENTATION.—The Commis-
17 sioner shall ensure that ability to provide tickets and
18 services to individuals under the Program exists in
19 every State as soon as practicable on or after the ef-
20 fective date specified in subsection (c) but not later
21 than 3 years after such date.

22 (4) ONGOING EVALUATION OF PROGRAM.—

23 (A) IN GENERAL.—The Commissioner
24 shall design and conduct a series of evaluations
25 to assess the cost-effectiveness of activities car-

ried out under this section and the amendments made thereby, as well as the effects of this section and the amendments made thereby on work outcomes for beneficiaries receiving tickets to work and self-sufficiency under the Program.

(B) CONSULTATION.—The Commissioner shall design and carry out the series of evaluations after receiving relevant advice from experts in the fields of disability, vocational rehabilitation, and program evaluation and individuals using tickets to work and self-sufficiency under the Program and consulting with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), the Comptroller General of the United States, other agencies of the Federal Government, and private organizations with appropriate expertise.

(C) METHODOLOGY.—

(i) IMPLEMENTATION.—The Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel established under section 101(f), shall ensure that plans for evaluations and data collection methods under the Program are

1 appropriately designed to obtain detailed
2 employment information.

3 (ii) SPECIFIC MATTERS TO BE AD-
4 DRESSED.—Each such evaluation shall ad-
5 dress (but is not limited to)—

6 (I) the annual cost (including net
7 cost) of the Program and the annual
8 cost (including net cost) that would
9 have been incurred in the absence of
10 the Program;

11 (II) the determinants of return to
12 work, including the characteristics of
13 beneficiaries in receipt of tickets
14 under the Program;

15 (III) the types of employment
16 services, vocational rehabilitation serv-
17 ices, and other support services fur-
18 nished to beneficiaries in receipt of
19 tickets under the Program who return
20 to work and to those who do not re-
21 turn to work;

22 (IV) the duration of employment
23 services, vocational rehabilitation serv-
24 ices, and other support services fur-
25 nished to beneficiaries in receipt of

1 tickets under the Program who return
2 to work and the duration of such serv-
3 ices furnished to those who do not re-
4 turn to work and the cost to employ-
5 ment networks of furnishing such
6 services;

7 (V) the employment outcomes,
8 including wages, occupations, benefits,
9 and hours worked, of beneficiaries
10 who return to work after receiving
11 tickets under the Program and those
12 who return to work without receiving
13 such tickets;

14 (VI) the characteristics of indi-
15 viduals in possession of tickets under
16 the Program who are not accepted for
17 services and, to the extent reasonably
18 determinable, the reasons for which
19 such beneficiaries were not accepted
20 for services;

21 (VII) the characteristics of pro-
22 viders whose services are provided
23 within an employment network under
24 the Program;

1 (VIII) the extent (if any) to
2 which employment networks display a
3 greater willingness to provide services
4 to beneficiaries with a range of dis-
5 abilities;

6 (IX) the characteristics (includ-
7 ing employment outcomes) of those
8 beneficiaries who receive services
9 under the outcome payment system
10 and of those beneficiaries who receive
11 services under the outcome-milestone
12 payment system;

13 (X) measures of satisfaction
14 among beneficiaries in receipt of tick-
15 ets under the Program; and

16 (XI) reasons for (including com-
17 ments solicited from beneficiaries re-
18 garding) their choice not to use their
19 tickets or their inability to return to
20 work despite the use of their tickets.

21 (D) PERIODIC EVALUATION REPORTS.—

22 Following the close of the third and fifth fiscal
23 years ending after the effective date under sub-
24 section (c), and prior to the close of the seventh
25 fiscal year ending after such date, the Commis-

1 sioner shall transmit to the Committee on Ways
2 and Means of the House of Representatives and
3 the Committee on Finance of the Senate a re-
4 port containing the Commissioner's evaluation
5 of the progress of activities conducted under the
6 provisions of this section and the amendments
7 made thereby. Each such report shall set forth
8 the Commissioner's evaluation of the extent to
9 which the Program has been successful and the
10 Commissioner's conclusions on whether or how
11 the Program should be modified. Each such re-
12 port shall include such data, findings, materials,
13 and recommendations as the Commissioner may
14 consider appropriate.

15 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-
16 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF
17 AMENDMENTS IN SUCH STATE.—

18 (A) IN GENERAL.—In the case of any
19 State in which the amendments made by sub-
20 section (a) have not been fully implemented
21 pursuant to this subsection, the Commissioner
22 shall determine by regulation the extent to
23 which—

1 (i) the requirement under section
2 222(a) for prompt referrals to a State
3 agency; and

4 (ii) the authority of the Commissioner
5 under section 222(d)(2) of the Social Secu-
6 rity Act to provide vocational rehabilitation
7 services in such State by agreement or
8 contract with other public or private agen-
9 cies, organizations, institutions, or individ-
10 uals,

11 shall apply in such State.

12 (B) EXISTING AGREEMENTS.—Nothing in
13 subparagraph (A) or the amendments made by
14 subsection (a) shall be construed to limit, im-
15 pede, or otherwise affect any agreement entered
16 into pursuant to section 222(d)(2) of the Social
17 Security Act before the date of the enactment
18 of this Act with respect to services provided
19 pursuant to such agreement to beneficiaries re-
20 ceiving services under such agreement as of
21 such date, except with respect to services (if
22 any) to be provided after 3 years after the ef-
23 fective date provided in subsection (c).

24 (e) SPECIFIC REGULATIONS REQUIRED.—

1 (1) IN GENERAL.—The Commissioner of Social
2 Security shall prescribe such regulations as are nec-
3 essary to implement the amendments made by this
4 section.

5 (2) SPECIFIC MATTERS TO BE INCLUDED IN
6 REGULATIONS.—The matters which shall be ad-
7 dressed in such regulations shall include—

8 (A) the form and manner in which tickets
9 to work and self-sufficiency may be distributed
10 to beneficiaries pursuant to section 1148(b)(1)
11 of the Social Security Act;

12 (B) the format and wording of such tick-
13 ets, which shall incorporate by reference any
14 contractual terms governing service by employ-
15 ment networks under the Program;

16 (C) the form and manner in which State
17 agencies may elect participation in the Ticket to
18 Work and Self-Sufficiency Program pursuant to
19 section 1148(c)(1) of such Act and provision for
20 periodic opportunities for exercising such elec-
21 tions;

22 (D) the status of State agencies under sec-
23 tion 1148(c)(1) of such Act at the time that
24 State agencies exercise elections under that sec-
25 tion;

1 (E) the terms of agreements to be entered
2 into with program managers pursuant to sec-
3 tion 1148(d) of such Act, including—

4 (i) the terms by which program man-
5 agers are precluded from direct participa-
6 tion in the delivery of services pursuant to
7 section 1148(d)(3) of such Act;

8 (ii) standards which must be met by
9 quality assurance measures referred to in
10 paragraph (6) of section 1148(d) of such
11 Act and methods of recruitment of employ-
12 ment networks utilized pursuant to para-
13 graph (2) of section 1148(e) of such Act;
14 and

15 (iii) the format under which dispute
16 resolution will operate under section
17 1148(d)(7) of such Act;

18 (F) the terms of agreements to be entered
19 into with employment networks pursuant to sec-
20 tion 1148(d)(4) of such Act, including—

21 (i) the manner in which service areas
22 are specified pursuant to section
23 1148(f)(2)(A) of such Act;

24 (ii) the general selection criteria and
25 the specific selection criteria which are ap-

1 plicable to employment networks under
2 section 1148(f)(1)(C) of such Act in select-
3 ing service providers;

4 (iii) specific requirements relating to
5 annual financial reporting by employment
6 networks pursuant to section 1148(f)(3) of
7 such Act; and

8 (iv) the national model to which peri-
9 odic outcomes reporting by employment
10 networks must conform under section
11 1148(f)(4) of such Act;

12 (G) standards which must be met by indi-
13 vidual work plans pursuant to section 1148(g)
14 of such Act;

15 (H) standards which must be met by pay-
16 ment systems required under section 1148(h) of
17 such Act, including—

18 (i) the form and manner in which
19 elections by employment networks of pay-
20 ment systems are to be exercised pursuant
21 to section 1148(h)(1)(A) of such Act;

22 (ii) the terms which must be met by
23 an outcome payment system under section
24 1148(h)(2) of such Act;

1 (iii) the terms which must be met by
 2 an outcome-milestone payment system
 3 under section 1148(h)(3) of such Act;

4 (iv) any revision of the percentage
 5 specified in paragraph (2)(C) of section
 6 1148(h) of such Act or the period of time
 7 specified in paragraph (4)(B) of such sec-
 8 tion 1148(h) of such Act; and

9 (v) annual oversight procedures for
 10 such systems; and

11 (I) procedures for effective oversight of the
 12 Program by the Commissioner of Social Secu-
 13 rity, including periodic reviews and reporting
 14 requirements.

15 (f) THE TICKET TO WORK AND WORK INCENTIVES
 16 ADVISORY PANEL.—

17 (1) ESTABLISHMENT.—There is established
 18 within the Social Security Administration a panel to
 19 be known as the “Ticket to Work and Work Incen-
 20 tives Advisory Panel” (in this subsection referred to
 21 as the “Panel”).

22 (2) DUTIES OF PANEL.—It shall be the duty of
 23 the Panel to—

24 (A) advise the President, the Congress,
 25 and the Commissioner of Social Security on

1 issues related to work incentives programs,
2 planning, and assistance for individuals with
3 disabilities, including work incentive provisions
4 under titles II, XI, XVI, XVIII, and XIX of the
5 Social Security Act (42 U.S.C. 401 et seq.,
6 1301 et seq., 1381 et seq., 1395 et seq., 1396
7 et seq.); and

8 (B) with respect to the Ticket to Work and
9 Self-Sufficiency Program established under sec-
10 tion 1148 of such Act—

11 (i) advise the Commissioner of Social
12 Security with respect to establishing phase-
13 in sites for such Program and fully imple-
14 menting the Program thereafter, the re-
15 finement of access of disabled beneficiaries
16 to employment networks, payment systems,
17 and management information systems, and
18 advise the Commissioner whether such
19 measures are being taken to the extent
20 necessary to ensure the success of the Pro-
21 gram;

22 (ii) advise the Commissioner regard-
23 ing the most effective designs for research
24 and demonstration projects associated with

1 the Program or conducted pursuant to sec-
2 tion 302 of this Act;

3 (iii) advise the Commissioner on the
4 development of performance measurements
5 relating to quality assurance under section
6 1148(d)(6) of the Social Security Act; and

7 (iv) furnish progress reports on the
8 Program to the Commissioner and each
9 House of Congress.

10 (3) MEMBERSHIP.—

11 (A) NUMBER AND APPOINTMENT.—The
12 Panel shall be composed of 12 members as fol-
13 lows:

14 (i) 4 members appointed by the Presi-
15 dent, not more than 2 of whom may be of
16 the same political party;

17 (ii) 2 members appointed by the
18 Speaker of the House of Representatives,
19 in consultation with the Chairman of the
20 Committee on Ways and Means of the
21 House of Representatives;

22 (iii) 2 members appointed by the mi-
23 nority leader of the House of Representa-
24 tives, in consultation with the ranking

1 member of the Committee on Ways and
2 Means of the House of Representatives;

3 (iv) 2 members appointed by the ma-
4 jority leader of the Senate, in consultation
5 with the Chairman of the Committee on
6 Finance of the Senate; and

7 (v) 2 members appointed by the mi-
8 nority leader of the Senate, in consultation
9 with the ranking member of the Committee
10 on Finance of the Senate.

11 (B) REPRESENTATION.—Of the members
12 appointed under subparagraph (A), at least 8
13 shall have experience or expert knowledge as a
14 recipient, provider, employer, or employee in the
15 fields of, or related to, employment services, vo-
16 cational rehabilitation services, and other sup-
17 port services, of whom—

18 (i) at least 2 shall represent the inter-
19 ests of recipients of employment services,
20 vocational rehabilitation services, and other
21 support services;

22 (ii) at least 2 shall represent the in-
23 terests of providers of employment serv-
24 ices, vocational rehabilitation services, and
25 other support services;

1 (iii) at least 2 shall represent the in-
2 terests of private employers; and

3 (iv) at least 2 shall represent the in-
4 terests of employees.

5 At least $\frac{1}{2}$ of the members described in each
6 clause of subparagraph (A) shall be individuals
7 with disabilities, or representatives of individ-
8 uals with disabilities, with consideration to cur-
9 rent or former title II disability beneficiaries or
10 title XVI disability beneficiaries (as such terms
11 are defined in section 1148(k) of the Social Se-
12 curity Act (as added by subsection (a))).

13 (C) TERMS.—

14 (i) IN GENERAL.—Each member shall
15 be appointed for a term of 4 years (or, if
16 less, for the remaining life of the Panel),
17 except as provided in clauses (ii) and (iii).
18 The initial members shall be appointed not
19 later than 90 days after the date of the en-
20 actment of this Act.

21 (ii) TERMS OF INITIAL AP-
22 POINTEES.—As designated by the Presi-
23 dent at the time of appointment, of the
24 members first appointed—

1 (I) 1/2 of the members appointed
2 under subparagraph (A) shall be ap-
3 pointed for a term of 2 years; and

4 (II) the remaining members ap-
5 pointed under subparagraph (A) shall
6 be appointed for a term of 4 years.

7 (iii) VACANCIES.—Any member ap-
8 pointed to fill a vacancy occurring before
9 the expiration of the term for which the
10 member's predecessor was appointed shall
11 be appointed only for the remainder of that
12 term. A member may serve after the expi-
13 ration of that member's term until a suc-
14 cesssor has taken office. A vacancy in the
15 Panel shall be filled in the manner in
16 which the original appointment was made.

17 (D) BASIC PAY.—Members shall each be
18 paid at a rate, and in a manner, that is con-
19 sistent with guidelines established under section
20 7 of the Federal Advisory Committee Act (5
21 U.S.C. App.).

22 (E) TRAVEL EXPENSES.—Each member
23 shall receive travel expenses, including per diem
24 in lieu of subsistence, in accordance with sec-

1 tions 5702 and 5703 of title 5, United States
2 Code.

3 (F) QUORUM.—8 members of the Panel
4 shall constitute a quorum but a lesser number
5 may hold hearings.

6 (G) CHAIRPERSON.—The Chairperson of
7 the Panel shall be designated by the President.
8 The term of office of the Chairperson shall be
9 4 years.

10 (H) MEETINGS.—The Panel shall meet at
11 least quarterly and at other times at the call of
12 the Chairperson or a majority of its members.

13 (4) DIRECTOR AND STAFF OF PANEL; EXPERTS
14 AND CONSULTANTS.—

15 (A) DIRECTOR.—The Panel shall have a
16 Director who shall be appointed by the Panel,
17 and paid at a rate, and in a manner, that is
18 consistent with guidelines established under sec-
19 tion 7 of the Federal ADvisory Committee Act
20 (5 U.S.C. App.).

21 (B) STAFF.—Subject to rules prescribed
22 by the Commissioner of Social Security, the Di-
23 rector may appoint and fix the pay of additional
24 personnel as the Director considers appropriate.

1 (C) EXPERTS AND CONSULTANTS.—Sub-
2 ject to rules prescribed by the Commissioner of
3 Social Security, the Director may procure tem-
4 porary and intermittent services under section
5 3109(b) of title 5, United States Code.

6 (D) STAFF OF FEDERAL AGENCIES.—
7 Upon request of the Panel, the head of any
8 Federal department or agency may detail, on a
9 reimbursable basis, any of the personnel of that
10 department or agency to the Panel to assist it
11 in carrying out its duties under this Act.

12 (5) POWERS OF PANEL.—

13 (A) HEARINGS AND SESSIONS.—The Panel
14 may, for the purpose of carrying out its duties
15 under this subsection, hold such hearings, sit
16 and act at such times and places, and take such
17 testimony and evidence as the Panel considers
18 appropriate.

19 (B) POWERS OF MEMBERS AND AGENTS.—
20 Any member or agent of the Panel may, if au-
21 thorized by the Panel, take any action which
22 the Panel is authorized to take by this section.

23 (C) MAILS.—The Panel may use the
24 United States mails in the same manner and

1 under the same conditions as other departments
2 and agencies of the United States.

3 (6) REPORTS.—

4 (A) INTERIM REPORTS.—The Panel shall
5 submit to the President and the Congress in-
6 terim reports at least annually.

7 (B) FINAL REPORT.—The Panel shall
8 transmit a final report to the President and the
9 Congress not later than eight years after the
10 date of the enactment of this Act. The final re-
11 port shall contain a detailed statement of the
12 findings and conclusions of the Panel, together
13 with its recommendations for legislation and ad-
14 ministrative actions which the Panel considers
15 appropriate.

16 (7) TERMINATION.—The Panel shall terminate
17 30 days after the date of the submission of its final
18 report under paragraph (6)(B).

19 (8) AUTHORIZATION OF APPROPRIATIONS.—
20 There are authorized to be appropriated from the
21 Federal Old-Age and Survivors Insurance Trust
22 Fund, the Federal Disability Insurance Trust Fund,
23 and the general fund of the Treasury, as appro-
24 priate, such sums as are necessary to carry out this
25 subsection.

Subtitle B—Elimination of Work Disincentives

SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR RE- VIEW OF AN INDIVIDUAL'S DISABLED STATUS.

(a) IN GENERAL.—Section 221 of the Social Security Act (42 U.S.C. 421) is amended by adding at the end the following:

“(m)(1) In any case where an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual’s disability (as defined in section 223(d)) has received such benefits for at least 24 months—

“(A) no continuing disability review conducted by the Commissioner may be scheduled for the individual solely as a result of the individual’s work activity;

“(B) no work activity engaged in by the individual may be used as evidence that the individual is no longer disabled; and

“(C) no cessation of work activity by the individual may give rise to a presumption that the individual is unable to engage in work.

“(2) An individual to which paragraph (1) applies shall continue to be subject to—

1 “(A) continuing disability reviews on a regularly
2 scheduled basis that is not triggered by work; and

3 “(B) termination of benefits under this title in
4 the event that the individual has earnings that ex-
5 ceed the level of earnings established by the Com-
6 missioner to represent substantial gainful activity.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall take effect on January 1, 2003.

9 **SEC. 112. EXPEDITED REINSTATEMENT OF DISABILITY**
10 **BENEFITS.**

11 (a) OASDI BENEFITS.—Section 223 of the Social
12 Security Act (42 U.S.C. 423) is amended—

13 (1) by redesignating subsection (i) as subsection
14 (j); and

15 (2) by inserting after subsection (h) the fol-
16 lowing:

17 “Reinstatement of Entitlement

18 “(i)(1)(A) Entitlement to benefits described in sub-
19 paragraph (B)(i)(I) shall be reinstated in any case where
20 the Commissioner determines that an individual described
21 in subparagraph (B) has filed a request for reinstatement
22 meeting the requirements of paragraph (2)(A) during the
23 period prescribed in subparagraph (C). Reinstatement of
24 such entitlement shall be in accordance with the terms of
25 this subsection.

1 “(B) An individual is described in this subparagraph
2 if—

3 “(i) prior to the month in which the individual
4 files a request for reinstatement—

5 “(I) the individual was entitled to benefits
6 under this section or section 202 on the basis
7 of disability pursuant to an application filed
8 therefor; and

9 “(II) such entitlement terminated due to
10 the performance of substantial gainful activity;

11 “(ii) the individual is under a disability and the
12 physical or mental impairment that is the basis for
13 the finding of disability is the same as (or related
14 to) the physical or mental impairment that was the
15 basis for the finding of disability that gave rise to
16 the entitlement described in clause (i); and

17 “(iii) the individual’s disability renders the indi-
18 vidual unable to perform substantial gainful activity.

19 “(C)(i) Except as provided in clause (ii), the period
20 prescribed in this subparagraph with respect to an indi-
21 vidual is 60 consecutive months beginning with the month
22 following the most recent month for which the individual
23 was entitled to a benefit described in subparagraph
24 (B)(i)(I) prior to the entitlement termination described in
25 subparagraph (B)(i)(II).

1 “(ii) In the case of an individual who fails to file a
2 reinstatement request within the period prescribed in
3 clause (i), the Commissioner may extend the period if the
4 Commissioner determines that the individual had good
5 cause for the failure to so file.

6 “(2)(A)(i) A request for reinstatement shall be filed
7 in such form, and containing such information, as the
8 Commissioner may prescribe.

9 “(ii) A request for reinstatement shall include express
10 declarations by the individual that the individual meets the
11 requirements specified in clauses (ii) and (iii) of para-
12 graph (1)(B).

13 “(B) A request for reinstatement filed in accordance
14 with subparagraph (A) may constitute an application for
15 benefits in the case of any individual who the Commis-
16 sioner determines is not entitled to reinstated benefits
17 under this subsection.

18 “(3) In determining whether an individual meets the
19 requirements of paragraph (1)(B)(ii), the provisions of
20 subsection (f) shall apply.

21 “(4)(A)(i) Subject to clause (ii), entitlement to bene-
22 fits reinstated under this subsection shall commence with
23 the benefit payable for the month in which a request for
24 reinstatement is filed.

1 “(ii) An individual whose entitlement to a benefit for
2 any month would have been reinstated under this sub-
3 section had the individual filed a request for reinstatement
4 before the end of such month shall be entitled to such ben-
5 efit for such month if such request for reinstatement is
6 filed before the end of the twelfth month immediately suc-
7 ceeding such month.

8 “(B)(i) Subject to clauses (ii) and (iii), the amount
9 of the benefit payable for any month pursuant to the rein-
10 statement of entitlement under this subsection shall be de-
11 termined in accordance with the provisions of this title.

12 “(ii) For purposes of computing the primary insur-
13 ance amount of an individual whose entitlement to benefits
14 under this section is reinstated under this subsection, the
15 date of onset of the individual’s disability shall be the date
16 of onset used in determining the individual’s most recent
17 period of disability arising in connection with such benefits
18 payable on the basis of an application.

19 “(iii) Benefits under this section or section 202 pay-
20 able for any month pursuant to a request for reinstate-
21 ment filed in accordance with paragraph (2) shall be re-
22 duced by the amount of any provisional benefit paid to
23 such individual for such month under paragraph (7).

24 “(C) No benefit shall be payable pursuant to an enti-
25 tlement reinstated under this subsection to an individual

1 for any month in which the individual engages in substan-
2 tial gainful activity.

3 “(D) The entitlement of any individual that is rein-
4 stated under this subsection shall end with the benefits
5 payable for the month preceding whichever of the following
6 months is the earliest:

7 “(i) The month in which the individual dies.

8 “(ii) The month in which the individual attains
9 retirement age.

10 “(iii) The third month following the month in
11 which the individual’s disability ceases.

12 “(5) Whenever an individual’s entitlement to benefits
13 under this section is reinstated under this subsection, enti-
14 tlement to benefits payable on the basis of such individ-
15 ual’s wages and self-employment income may be reinstated
16 with respect to any person previously entitled to such ben-
17 efits on the basis of an application if the Commissioner
18 determines that such person satisfies all the requirements
19 for entitlement to such benefits except requirements re-
20 lated to the filing of an application. The provisions of
21 paragraph (4) shall apply to the reinstated entitlement of
22 any such person to the same extent that they apply to
23 the reinstated entitlement of such individual.

24 “(6) An individual to whom benefits are payable
25 under this section or section 202 pursuant to a reinstate-

1 ment of entitlement under this subsection for 24 months
2 (whether or not consecutive) shall, with respect to benefits
3 so payable after such twenty-fourth month, be deemed for
4 purposes of paragraph (1)(B)(i)(I) and the determination,
5 if appropriate, of the termination month in accordance
6 with subsection (a)(1) of this section, or subsection (d)(1),
7 (e)(1), or (f)(1) of section 202, to be entitled to such bene-
8 fits on the basis of an application filed therefor.

9 “(7)(A) An individual described in paragraph (1)(B)
10 who files a request for reinstatement in accordance with
11 the provisions of paragraph (2)(A) shall be entitled to pro-
12 visional benefits payable in accordance with this para-
13 graph, unless the Commissioner determines that the indi-
14 vidual does not meet the requirements of paragraph
15 (1)(B)(i) or that the individual’s declaration under para-
16 graph (2)(A)(ii) is false. Any such determination by the
17 Commissioner shall be final and not subject to review
18 under subsection (b) or (g) of section 205.

19 “(B) The amount of a provisional benefit for a month
20 shall equal the amount of the last monthly benefit payable
21 to the individual under this title on the basis of an applica-
22 tion increased by an amount equal to the amount, if any,
23 by which such last monthly benefit would have been in-
24 creased as a result of the operation of section 215(i).

1 “(C)(i) Provisional benefits shall begin with the
 2 month in which a request for reinstatement is filed in ac-
 3 cordance with paragraph (2)(A).

4 “(ii) Provisional benefits shall end with the earliest
 5 of—

6 “(I) the month in which the Commissioner
 7 makes a determination regarding the individual’s en-
 8 titlement to reinstated benefits;

9 “(II) the fifth month following the month de-
 10 scribed in clause (i);

11 “(III) the month in which the individual per-
 12 forms substantial gainful activity; or

13 “(IV) the month in which the Commissioner de-
 14 termines that the individual does not meet the re-
 15 quirements of paragraph (1)(B)(i) or that the indi-
 16 vidual’s declaration made in accordance with para-
 17 graph (2)(A)(ii) is false.

18 “(D) In any case in which the Commissioner deter-
 19 mines that an individual is not entitled to reinstated bene-
 20 fits, any provisional benefits paid to the individual under
 21 this paragraph shall not be subject to recovery as an over-
 22 payment unless the Commissioner determines that the in-
 23 dividual knew or should have known that the individual
 24 did not meet the requirements of paragraph (1)(B).”.

25 (b) SSI BENEFITS.—

6 “(p)(1)(A) Eligibility for benefits under this title
7 shall be reinstated in any case where the Commissioner
8 determines that an individual described in subparagraph
9 (B) has filed a request for reinstatement meeting the re-
10 quirements of paragraph (2)(A) during the period pre-
11 scribed in subparagraph (C). Reinstatement of eligibility
12 shall be in accordance with the terms of this subsection.

15 “(i) prior to the month in which the individual
16 files a request for reinstatement—

“(II) the individual thereafter was ineligible for such benefits due to earned income (or earned and unearned income) for a period of 12 or more consecutive months;

1 “(ii) the individual is blind or disabled and the
2 physical or mental impairment that is the basis for
3 the finding of blindness or disability is the same as
4 (or related to) the physical or mental impairment
5 that was the basis for the finding of blindness or
6 disability that gave rise to the eligibility described in
7 clause (i);

8 “(iii) the individual’s blindness or disability ren-
9 ders the individual unable to perform substantial
10 gainful activity; and

11 “(iv) the individual satisfies the nonmedical re-
12 quirements for eligibility for benefits under this title.

13 “(C)(i) Except as provided in clause (ii), the period
14 prescribed in this subparagraph with respect to an indi-
15 vidual is 60 consecutive months beginning with the month
16 following the most recent month for which the individual
17 was eligible for a benefit under this title (including section
18 1619) prior to the period of ineligibility described in sub-
19 paragraph (B)(i)(II).

20 “(ii) In the case of an individual who fails to file a
21 reinstatement request within the period prescribed in
22 clause (i), the Commissioner may extend the period if the
23 Commissioner determines that the individual had good
24 cause for the failure to so file.

1 “(2)(A)(i) A request for reinstatement shall be filed
2 in such form, and containing such information, as the
3 Commissioner may prescribe.

4 “(ii) A request for reinstatement shall include express
5 declarations by the individual that the individual meets the
6 requirements specified in clauses (ii) through (iv) of para-
7 graph (1)(B).

8 “(B) A request for reinstatement filed in accordance
9 with subparagraph (A) may constitute an application for
10 benefits in the case of any individual who the Commis-
11 sioner determines is not eligible for reinstated benefits
12 under this subsection.

13 “(3) In determining whether an individual meets the
14 requirements of paragraph (1)(B)(ii), the provisions of
15 section 1614(a)(4) shall apply.

16 “(4)(A) Eligibility for benefits reinstated under this
17 subsection shall commence with the benefit payable for the
18 month following the month in which a request for rein-
19 statement is filed.

20 “(B)(i) Subject to clause (ii), the amount of the ben-
21 efit payable for any month pursuant to the reinstatement
22 of eligibility under this subsection shall be determined in
23 accordance with the provisions of this title.

24 “(ii) The benefit under this title payable for any
25 month pursuant to a request for reinstatement filed in ac-

1 cordance with paragraph (2) shall be reduced by the
2 amount of any provisional benefit paid to such individual
3 for such month under paragraph (7).

4 “(C) Except as otherwise provided in this subsection,
5 eligibility for benefits under this title reinstated pursuant
6 to a request filed under paragraph (2) shall be subject
7 to the same terms and conditions as eligibility established
8 pursuant to an application filed therefor.

9 “(5) Whenever an individual’s eligibility for benefits
10 under this title is reinstated under this subsection, eligi-
11 bility for such benefits shall be reinstated with respect to
12 the individual’s spouse if such spouse was previously an
13 eligible spouse of the individual under this title and the
14 Commissioner determines that such spouse satisfies all the
15 requirements for eligibility for such benefits except re-
16 quirements related to the filing of an application. The pro-
17 visions of paragraph (4) shall apply to the reinstated eligi-
18 bility of the spouse to the same extent that they apply
19 to the reinstated eligibility of such individual.

20 “(6) An individual to whom benefits are payable
21 under this title pursuant to a reinstatement of eligibility
22 under this subsection for twenty-four months (whether or
23 not consecutive) shall, with respect to benefits so payable
24 after such twenty-fourth month, be deemed for purposes

1 of paragraph (1)(B)(i)(I) to be eligible for such benefits
2 on the basis of an application filed therefor.

3 “(7)(A) An individual described in paragraph (1)(B)
4 who files a request for reinstatement in accordance with
5 the provisions of paragraph (2)(A) shall be eligible for pro-
6 visional benefits payable in accordance with this para-
7 graph, unless the Commissioner determines that the indi-
8 vidual does not meet the requirements of paragraph
9 (1)(B)(i) or that the individual’s declaration under para-
10 graph (2)(A)(ii) is false. Any such determination by the
11 Commissioner shall be final and not subject to review
12 under paragraph (1) or (3) of subsection (c).

13 “(B)(i) Except as otherwise provided in clause (ii),
14 the amount of a provisional benefit for a month shall equal
15 the amount of the monthly benefit that would be payable
16 to an eligible individual under this title with the same kind
17 and amount of income.

18 “(ii) If the individual has a spouse who was pre-
19 viously an eligible spouse of the individual under this title
20 and the Commissioner determines that such spouse satis-
21 fies all the requirements of section 1614(b) except require-
22 ments related to the filing of an application, the amount
23 of a provisional benefit for a month shall equal the amount
24 of the monthly benefit that would be payable to an eligible

1 individual and eligible spouse under this title with the
2 same kind and amount of income.

3 “(C)(i) Provisional benefits shall begin with the
4 month following the month in which a request for rein-
5 statement is filed in accordance with paragraph (2)(A).

6 “(ii) Provisional benefits shall end with the earliest
7 of—

8 “(I) the month in which the Commissioner
9 makes a determination regarding the individual’s eli-
10 gibility for reinstated benefits;

11 “(II) the fifth month following the month for
12 which provisional benefits are first payable under
13 clause (i); or

14 “(III) the month in which the Commissioner de-
15 termines that the individual does not meet the re-
16 quirements of paragraph (1)(B)(i) or that the indi-
17 vidual’s declaration made in accordance with para-
18 graph (2)(A)(ii) is false.

19 “(D) In any case in which the Commissioner deter-
20 mines that an individual is not eligible for reinstated bene-
21 fits, any provisional benefits paid to the individual under
22 this paragraph shall not be subject to recovery as an over-
23 payment unless the Commissioner determines that the in-
24 dividual knew or should have known that the individual
25 did not meet the requirements of paragraph (1)(B).

1 “(8) For purposes of this subsection other than para-
2 graph (7), the term ‘benefits under this title’ includes
3 State supplementary payments made pursuant to an
4 agreement under section 1616(a) of this Act or section
5 212(b) of Public Law 93–66.”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 1631(j)(1) of such Act (42
8 U.S.C. 1383(j)(1)) is amended by striking the
9 period and inserting “, or has filed a request
10 for reinstatement of eligibility under subsection
11 (p)(2) and been determined to be eligible for re-
12 instatement.”.

13 (B) Section 1631(j)(2)(A)(i)(I) of such Act
14 (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by
15 inserting “(other than pursuant to a request for
16 reinstatement under subsection (p))” after “eli-
17 gible”.

18 (c) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall take effect on the first day of the
21 thirteenth month beginning after the date of enact-
22 ment of this Act.

23 (2) LIMITATION.—No benefit shall be payable
24 under title II or XVI on the basis of a request for
25 reinstatement filed under section 223(i) or 1631(p)

1 of the Social Security Act before the effective date
 2 described in paragraph (1).

3 **Subtitle C—Work Incentives** 4 **Planning, Assistance, and Outreach**

5 **SEC. 121. WORK INCENTIVES OUTREACH PROGRAM.**

6 Part A of title XI of the Social Security Act (42
 7 U.S.C. 1301 et seq.), as amended by section 101, is
 8 amended by adding after section 1148 the following:

9 “WORK INCENTIVES OUTREACH PROGRAM

10 “SEC. 1149. (a) ESTABLISHMENT.—

11 “(1) IN GENERAL.—The Commissioner, in con-
 12 sultation with the Ticket to Work and Work Incen-
 13 tives Advisory Panel established under section 101(f)
 14 of the Ticket to Work and Work Incentives Improve-
 15 ment Act of 1999, shall establish a community-based
 16 work incentives planning and assistance program for
 17 the purpose of disseminating accurate information to
 18 disabled beneficiaries on work incentives programs
 19 and issues related to such programs.

20 “(2) GRANTS, COOPERATIVE AGREEMENTS,
 21 CONTRACTS, AND OUTREACH.—Under the program
 22 established under this section, the Commissioner
 23 shall—

24 “(A) establish a competitive program of
 25 grants, cooperative agreements, or contracts to
 26 provide benefits planning and assistance, in-

cluding information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

“(B) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries (and to the families of such beneficiaries) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist disabled beneficiaries to work, including—

“(i) preparing and disseminating information explaining such programs; and

“(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;

1 “(C) establish a corps of trained, acces-
2 sible, and responsive work incentives specialists
3 within the Social Security Administration who
4 will specialize in disability work incentives
5 under titles II and XVI for the purpose of dis-
6 seminating accurate information with respect to
7 inquiries and issues relating to work incentives
8 to—

9 “(i) disabled beneficiaries;

10 “(ii) benefit applicants under titles II
11 and XVI; and

12 “(iii) individuals or entities awarded
13 grants under subparagraphs (A) or (B);
14 and

15 “(D) provide—

16 “(i) training for work incentives spe-
17 cialists and individuals providing planning
18 assistance described in subparagraph (C);
19 and

20 “(ii) technical assistance to organiza-
21 tions and entities that are designed to en-
22 courage disabled beneficiaries to return to
23 work.

24 “(3) COORDINATION WITH OTHER PRO-
25 GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated
2 with other public and private programs that provide
3 information and assistance regarding rehabilitation
4 services and independent living supports and bene-
5 fits planning for disabled beneficiaries including the
6 program under section 1619, the plans for achieving
7 self-support program (PASS), and any other Federal
8 or State work incentives programs that are designed
9 to assist disabled beneficiaries, including educational
10 agencies that provide information and assistance re-
11 garding rehabilitation, school-to-work programs,
12 transition services (as defined in, and provided in ac-
13 cordance with, the Individuals with Disabilities Edu-
14 cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-
15 livery system established under subtitle B of title I
16 of the Workforce Investment Act of 1998, and other
17 services.

18 “(b) CONDITIONS.—

19 “(1) SELECTION OF ENTITIES.—

20 “(A) APPLICATION.—An entity shall sub-
21 mit an application for a grant, cooperative
22 agreement, or contract to provide benefits plan-
23 ning and assistance to the Commissioner at
24 such time, in such manner, and containing such
25 information as the Commissioner may deter-

mine is necessary to meet the requirements of this section.

“(B) STATEWIDENESS.—The Commissioner shall ensure that the planning, assistance, and information described in paragraph (2) shall be available on a statewide basis.

“(C) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

“(i) IN GENERAL.—The Commissioner may award a grant, cooperative agreement, or contract under this section to a State or a private agency or organization (other than Social Security Administration Field Offices and the State agency administering the State medicaid program under title XIX, including any agency or entity described in clause (ii), that the Commissioner determines is qualified to provide the planning, assistance, and information described in paragraph (2)).

“(ii) AGENCIES AND ENTITIES DESCRIBED.—The agencies and entities described in this clause are the following:

“(I) Any public or private agency or organization (including Centers for

1 Independent Living established under
2 title VII of the Rehabilitation Act of
3 1973, protection and advocacy organi-
4 zations, client assistance programs es-
5 tablished in accordance with section
6 112 of the Rehabilitation Act of 1973,
7 and State Developmental Disabilities
8 Councils established in accordance
9 with section 124 of the Developmental
10 Disabilities Assistance and Bill of
11 Rights Act (42 U.S.C. 6024)) that the
12 Commissioner determines satisfies the
13 requirements of this section.

14 “(II) The State agency admin-
15 istering the State program funded
16 under part A of title IV.

17 “(D) EXCLUSION FOR CONFLICT OF IN-
18 TEREST.—The Commissioner may not award a
19 grant, cooperative agreement, or contract under
20 this section to any entity that the Commissioner
21 determines would have a conflict of interest if
22 the entity were to receive a grant, cooperative
23 agreement, or contract under this section.

24 “(2) SERVICES PROVIDED.—A recipient of a
25 grant, cooperative agreement, or contract to provide

1 benefits planning and assistance shall select individ-
2 uals who will act as planners and provide informa-
3 tion, guidance, and planning to disabled beneficiaries
4 on the—

5 “(A) availability and interrelation of any
6 Federal or State work incentives programs de-
7 signed to assist disabled beneficiaries that the
8 individual may be eligible to participate in;

9 “(B) adequacy of any health benefits cov-
10 erage that may be offered by an employer of
11 the individual and the extent to which other
12 health benefits coverage may be available to the
13 individual; and

14 “(C) availability of protection and adv-
15 ocacy services for disabled beneficiaries and how
16 to access such services.

17 “(3) AMOUNT OF GRANTS, COOPERATIVE
18 AGREEMENTS, OR CONTRACTS.—

19 “(A) BASED ON POPULATION OF DIS-
20 ABLED BENEFICIARIES.—Subject to subpara-
21 graph (B), the Commissioner shall award a
22 grant, cooperative agreement, or contract under
23 this section to an entity based on the percent-
24 age of the population of the State where the en-
25 tity is located who are disabled beneficiaries.

“(B) LIMITATIONS.—

“(i) PER GRANT.—No entity shall receive a grant, cooperative agreement, or contract under this section for a fiscal year that is less than \$50,000 or more than \$300,000.

“(ii) TOTAL AMOUNT FOR ALL GRANTS, COOPERATIVE AGREEMENTS, AND CONTRACTS.—The total amount of all grants, cooperative agreements, and contracts awarded under this section for a fiscal year may not exceed \$23,000,000.

“(4) ALLOCATION OF COSTS.—The costs of carrying out this section shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

“(c) DEFINITIONS.—In this section:

“(1) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner of Social Security.

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ has the meaning given that term in section 1148(k)(2).

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
 2 is authorized to be appropriated to carry out this section
 3 \$23,000,000 for each of the fiscal years 2000 through
 4 2004.”.

5 **SEC. 122. STATE GRANTS FOR WORK INCENTIVES ASSIST-**
 6 **ANCE TO DISABLED BENEFICIARIES.**

7 Part A of title XI of the Social Security Act (42
 8 U.S.C. 1301 et seq.), as amended by section 121, is
 9 amended by adding after section 1149 the following:

10 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO
 11 DISABLED BENEFICIARIES

12 “SEC. 1150. (a) IN GENERAL.—Subject to subsection
 13 (c), the Commissioner may make payments in each State
 14 to the protection and advocacy system established pursu-
 15 ant to part C of title I of the Developmental Disabilities
 16 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)
 17 for the purpose of providing services to disabled bene-
 18 ficiaries.

19 “(b) SERVICES PROVIDED.—Services provided to dis-
 20 abled beneficiaries pursuant to a payment made under this
 21 section may include—

22 “(1) information and advice about obtaining vo-
 23 cational rehabilitation and employment services; and

24 “(2) advocacy or other services that a disabled
 25 beneficiary may need to secure or regain gainful em-
 26 ployment.

1 “(c) APPLICATION.—In order to receive payments
2 under this section, a protection and advocacy system shall
3 submit an application to the Commissioner, at such time,
4 in such form and manner, and accompanied by such infor-
5 mation and assurances as the Commissioner may require.

6 “(d) AMOUNT OF PAYMENTS.—

7 “(1) IN GENERAL.—Subject to the amount ap-
8 propriated for a fiscal year for making payments
9 under this section, a protection and advocacy system
10 shall not be paid an amount that is less than—

11 “(A) in the case of a protection and advo-
12 cacy system located in a State (including the
13 District of Columbia and Puerto Rico) other
14 than Guam, American Samoa, the United
15 States Virgin Islands, and the Commonwealth
16 of the Northern Mariana Islands, the greater
17 of—

18 “(i) \$100,000; or

19 “(ii) $\frac{1}{3}$ of 1 percent of the amount
20 available for payments under this section;
21 and

22 “(B) in the case of a protection and advo-
23 cacy system located in Guam, American Samoa,
24 the United States Virgin Islands, and the Com-

1 monwealth of the Northern Mariana Islands,
2 \$50,000.

3 “(2) INFLATION ADJUSTMENT.—For each fiscal
4 year in which the total amount appropriated to carry
5 out this section exceeds the total amount appro-
6 priated to carry out this section in the preceding fis-
7 cal year, the Commissioner shall increase each min-
8 imum payment under subparagraphs (A) and (B) of
9 paragraph (1) by a percentage equal to the percent-
10 age increase in the total amount so appropriated to
11 carry out this section.

12 “(e) ANNUAL REPORT.—Each protection and advo-
13 cacy system that receives a payment under this section
14 shall submit an annual report to the Commissioner and
15 the Ticket to Work and Work Incentives Advisory Panel
16 established under section 101(f) of the Ticket to Work and
17 Work Incentives Improvement Act of 1999 on the services
18 provided to individuals by the system.

19 “(f) FUNDING.—

20 “(1) ALLOCATION OF PAYMENTS.—Payments
21 under this section shall be made from amounts made
22 available for the administration of title II and
23 amounts made available for the administration of
24 title XVI, and shall be allocated among those
25 amounts as appropriate.

1 “(2) CARRYOVER.—Any amounts allotted for
2 payment to a protection and advocacy system under
3 this section for a fiscal year shall remain available
4 for payment to or on behalf of the protection and
5 advocacy system until the end of the succeeding fis-
6 cal year.

7 “(g) DEFINITIONS.—In this section:

8 “(1) COMMISSIONER.—The term ‘Commis-
9 sioner’ means the Commissioner of Social Security.

10 “(2) DISABLED BENEFICIARY.—The term ‘dis-
11 abled beneficiary’ has the meaning given that term
12 in section 1148(k)(2).

13 “(3) PROTECTION AND ADVOCACY SYSTEM.—
14 The term ‘protection and advocacy system’ means a
15 protection and advocacy system established pursuant
16 to part C of title I of the Developmental Disabilities
17 Assistance and Bill of Rights Act (42 U.S.C. 6041
18 et seq.).

19 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
20 is authorized to be appropriated to carry out this section
21 \$7,000,000 for each of the fiscal years 2000 through
22 2004.”.

1 **TITLE II—EXPANDED AVAIL-**
2 **ABILITY OF HEALTH CARE**
3 **SERVICES**

4 **SEC. 201. EXPANDING STATE OPTIONS UNDER THE MED-**
5 **ICAID PROGRAM FOR WORKERS WITH DIS-**
6 **ABILITIES.**

7 (a) IN GENERAL.—

8 (1) STATE OPTION TO ELIMINATE INCOME, AS-
9 SETS, AND RESOURCE LIMITATIONS FOR WORKERS
10 WITH DISABILITIES BUYING INTO MEDICAID.—Sec-
11 tion 1902(a)(10)(A)(ii) of the Social Security Act
12 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

13 (A) in subclause (XIII), by striking “or”
14 at the end;

15 (B) in subclause (XIV), by adding “or” at
16 the end; and

17 (C) by adding at the end the following:

18 “(XV) who, but for earnings in
19 excess of the limit established under
20 section 1905(q)(2)(B), would be con-
21 sidered to be receiving supplemental
22 security income, who is at least 16,
23 but less than 65, years of age, and
24 whose assets, resources, and earned or
25 unearned income (or both) do not ex-

(2) STATE OPTION TO PROVIDE OPPORTUNITY
FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY
IMPROVED DISABILITY TO BUY INTO MEDICAID.—

(A) ELIGIBILITY.—Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), as amended by paragraph (1), is amended—

10 (i) in subclause (XIV), by striking
11 “or” at the end;

12 (ii) in subclause (XV), by adding “or”
13 at the end; and

(iii) by adding at the end the fol-
lowing:

“(XVI) who are employed individuals with a medically improved disability described in section 1905(v)(1) and whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish, but only if the State provides medical assistance to individuals described in subclause (XV);”.

1 (B) DEFINITION OF EMPLOYED INDIVID-
2 UALS WITH A MEDICALLY IMPROVED DIS-
3 ABILITY.—Section 1905 of the Social Security
4 Act (42 U.S.C. 1396d) is amended by adding at
5 the end the following:

6 “(v)(1) The term ‘employed individual with a medi-
7 cally improved disability’ means an individual who—

8 “(A) is at least 16, but less than 65, years of
9 age;

10 “(B) is employed (as defined in paragraph (2));

11 “(C) ceases to be eligible for medical assistance
12 under section 1902(a)(10)(A)(ii)(XV) because the
13 individual, by reason of medical improvement, is de-
14 termined at the time of a regularly scheduled con-
15 tinuing disability review to no longer be eligible for
16 benefits under section 223(d) or 1614(a)(3); and

17 “(D) continues to have a severe medically deter-
18 minable impairment, as determined under regula-
19 tions of the Secretary.

20 “(2) For purposes of paragraph (1), an individual is
21 considered to be ‘employed’ if the individual—

22 “(A) is earning at least the applicable minimum
23 wage requirement under section 6 of the Fair Labor
24 Standards Act (29 U.S.C. 206) and working at least
25 40 hours per month; or

1 “(B) is engaged in a work effort that meets
 2 substantial and reasonable threshold criteria for
 3 hours of work, wages, or other measures, as defined
 4 by the State and approved by the Secretary.”.

5 (C) CONFORMING AMENDMENT.—Section
 6 1905(a) of such Act (42 U.S.C. 1396d(a)) is
 7 amended in the matter preceding paragraph
 8 (1)—

9 (i) in clause (x), by striking “or” at
 10 the end;

11 (ii) in clause (xi), by adding “or” at
 12 the end; and

13 (iii) by inserting after clause (xi), the
 14 following:

15 “(xii) employed individuals with a medically im-
 16 proved disability (as defined in subsection (v)),”.

17 (3) STATE AUTHORITY TO IMPOSE INCOME-RE-
 18 LATED PREMIUMS AND COST-SHARING.—Section
 19 1916 of such Act (42 U.S.C. 1396o) is amended—

20 (A) in subsection (a), by striking “The
 21 State plan” and inserting “Subject to sub-
 22 section (g), the State plan”; and

23 (B) by adding at the end the following:

1 “(g) With respect to individuals provided medical as-
2 sistance only under subclause (XV) or (XVI) of section
3 1902(a)(10)(A)(ii)—

4 “(1) a State may (in a uniform manner for in-
5 dividuals described in either such subclause)—

6 “(A) require such individuals to pay pre-
7 miums or other cost-sharing charges set on a
8 sliding scale based on income that the State
9 may determine; and

10 “(B) require payment of 100 percent of
11 such premiums or charges for a year in the case
12 of such an individual who has income for such
13 year that exceeds 250 percent of the income of-
14 ficial poverty line (referred to in subsection
15 (c)(1)) applicable to a family of the size in-
16 volved, except that, in the case of such an indi-
17 vidual who has income for a year that does not
18 exceed 450 percent of such poverty line, such
19 requirement may apply only to the extent that
20 such premiums do not exceed 7.5 percent of
21 such income; and

22 “(2) a State shall require payment of 100 per-
23 cent of such premium for a year by such an indi-
24 vidual whose adjusted gross income (as defined in
25 section 62 of the Internal Revenue Code of 1986)

1 for such year exceeds \$75,000, except that a State
 2 may choose to subsidize such premium by using
 3 State funds which may not be federally matched
 4 under this title.

5 The Secretary shall adjust annually (after 2000) the dollar
 6 amount set forth in paragraph (2) under procedures pro-
 7 viding for adjustments in the same manner and to the
 8 same extent as adjustments are provided for under the
 9 procedures used to adjust benefit amounts under section
 10 215(i)(2)(A), except that any amount so adjusted that is
 11 not a multiple of \$1.00 shall be rounded to the nearest
 12 multiple of \$1.00.”.

13 (4) PROHIBITION AGAINST SUPPLANTATION OF
 14 STATE FUNDS AND STATE FAILURE TO MAINTAIN
 15 EFFORT.—Section 1903(i) of such Act (42 U.S.C.
 16 1396b(i)) is amended—

17 (A) by striking the period at the end of
 18 paragraph (18) and inserting “; or”; and

19 (B) by inserting after such paragraph the
 20 following:

21 “(19) with respect to amounts expended for
 22 medical assistance provided to an individual de-
 23 scribed in subclause (XV) or (XVI) of section
 24 1902(a)(10)(A)(ii) for a fiscal year unless the State
 25 demonstrates to the satisfaction of the Secretary

1 that the level of State funds expended for such fiscal
 2 year for programs to enable working individuals with
 3 disabilities to work (other than for such medical as-
 4 sistance) is not less than the level expended for such
 5 programs during the most recent State fiscal year
 6 ending before the date of enactment of this para-
 7 graph.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 1903(f)(4) of the Social Security
 10 Act (42 U.S.C. 1396b(f)(4)) is amended in the mat-
 11 ter preceding subparagraph (A) by inserting
 12 “1902(a)(10)(A)(ii)(XV), 1902(a)(10)(A)(ii)(XVI)”
 13 after “1902(a)(10)(A)(ii)(X),”.

14 (2) Section 1903(f)(4) of such Act, as amended
 15 by paragraph (1), is amended by inserting
 16 “1902(a)(10)(A)(ii)(XIII),” before
 17 “1902(a)(10)(A)(ii)(XV)”.

18 (c) GAO REPORT.—Not later than 3 years after the
 19 date of enactment of this Act, the Comptroller General
 20 of the United States shall submit a report to Congress
 21 regarding the amendments made by this section that
 22 examines—

23 (1) the extent to which higher health care costs
 24 for individuals with disabilities at higher income lev-
 25 els deter employment or progress with employment;

1 (2) whether such individuals have health insur-
2 ance coverage or could benefit from the State option
3 established under such amendments to provide a
4 medicaid buy-in; and

5 (3) how the States are exercising such option,
6 including—

7 (A) how such States are exercising the
8 flexibility afforded them with regard to income
9 disregards;

10 (B) what income and premium levels have
11 been set;

12 (C) the degree to which States are sub-
13 sidizing premiums above the dollar amount
14 specified in section 1916(g)(2) of the Social Se-
15 curity Act (42 U.S.C. 1396o(g)(2)); and

16 (D) the extent to which there exists any
17 crowd-out effect.

18 (d) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as provided in para-
20 graph (2), the amendments made by this section
21 apply to medical assistance for items and services
22 furnished on or after October 1, 1999.

23 (2) RETROACTIVITY OF CONFORMING AMEND-
24 MENT.—The amendment made by subsection (b)(2)

1 takes effect as if included in the enactment of the
2 Balanced Budget Act of 1997.

3 **SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI**
4 **DISABILITY BENEFIT RECIPIENTS.**

5 (a) IN GENERAL.—The next to last sentence of sec-
6 tion 226(b) of the Social Security Act (42 U.S.C. 426)
7 is amended by striking “24” and inserting “96”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall be effective on and after October 1,
10 2000.

11 (c) GAO REPORT.—Not later than 5 years after the
12 date of the enactment of this Act, the Comptroller General
13 of the United States shall submit a report to the Congress
14 that—

15 (1) examines the effectiveness and cost of the
16 amendment made by subsection (a);

17 (2) examines the necessity and effectiveness of
18 providing continuation of medicare coverage under
19 section 226(b) of the Social Security Act to individ-
20 uals whose annual income exceeds the contribution
21 and benefit base (as determined under section 230
22 of such Act);

23 (3) examines the viability of providing the con-
24 tinuation of medicare coverage under such section
25 226(b) based on a sliding scale premium for individ-

1 uals whose annual income exceeds such contribution
 2 and benefit base;

3 (4) examines the viability of providing the con-
 4 tinuation of medicare coverage under such section
 5 226(b) based on a premium buy-in by the bene-
 6 ficiary's employer in lieu of coverage under private
 7 health insurance;

8 (5) examines the interrelation between the use
 9 of the continuation of medicare coverage under such
 10 section 226(b) and the use of private health insur-
 11 ance coverage by individuals during the extended pe-
 12 riod; and

13 (6) recommends such legislative or administra-
 14 tive changes relating to the continuation of medicare
 15 coverage for recipients of social security disability
 16 benefits as the Comptroller General determines are
 17 appropriate.

18 **SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**
 19 **FRASTRUCTURES TO SUPPORT WORKING IN-**
 20 **DIVIDUALS WITH DISABILITIES.**

21 (a) ESTABLISHMENT.—

22 (1) IN GENERAL.—The Secretary of Health and
 23 Human Services (in this section referred to as the
 24 “Secretary”) shall award grants described in sub-
 25 section (b) to States to support the design, establish-

1 ment, and operation of State infrastructures that
2 provide items and services to support working indi-
3 viduals with disabilities.

4 (2) APPLICATION.—In order to be eligible for
5 an award of a grant under this section, a State shall
6 submit an application to the Secretary at such time,
7 in such manner, and containing such information as
8 the Secretary shall require.

9 (3) DEFINITION OF STATE.—In this section,
10 the term “State” means each of the 50 States, the
11 District of Columbia, Puerto Rico, Guam, the
12 United States Virgin Islands, American Samoa, and
13 the Commonwealth of the Northern Mariana Is-
14 lands.

15 (b) GRANTS FOR INFRASTRUCTURE AND OUT-
16 REACH.—

17 (1) IN GENERAL.—Out of the funds appro-
18 priated under subsection (e), the Secretary shall
19 award grants to States to—

20 (A) support the establishment, implemen-
21 tation, and operation of the State infrastruc-
22 tures described in subsection (a); and

23 (B) conduct outreach campaigns regarding
24 the existence of such infrastructures.

25 (2) ELIGIBILITY FOR GRANTS.—

1 (A) IN GENERAL.—No State may receive a
2 grant under this subsection unless the State—

3 (i) has an approved amendment to the
4 State plan under title XIX of the Social
5 Security Act (42 U.S.C. 1396 et seq.) that
6 provides medical assistance under such
7 plan to individuals described in section
8 1902(a)(10)(A)(ii)(XV) of the Social Secu-
9 rity Act (42 U.S.C.
10 1396a(a)(10)(A)(ii)(XV)); and

11 (ii) demonstrates to the satisfaction of
12 the Secretary that the State makes per-
13 sonal assistance services available under
14 the State plan under title XIX of the So-
15 cial Security Act (42 U.S.C. 1396 et seq.)
16 to the extent necessary to enable individ-
17 uals described in clause (i) to remain em-
18 ployed (as determined under section
19 1905(v)(2) of the Social Security Act (42
20 U.S.C. 1396d(v)(2)).

21 (B) DEFINITION OF PERSONAL ASSIST-
22 ANCE SERVICES.—In this paragraph, the term
23 “personal assistance services” means a range of
24 services, provided by 1 or more persons, de-
25 signed to assist an individual with a disability

1 to perform daily activities on and off the job
2 that the individual would typically perform if
3 the individual did not have a disability. Such
4 services shall be designed to increase the indi-
5 vidual's control in life and ability to perform ev-
6 eryday activities on or off the job.

7 (3) DETERMINATION OF AWARDS.—

8 (A) IN GENERAL.—Subject to subpara-
9 graph (B), the Secretary shall determine a for-
10 mula for awarding grants to States under this
11 section that provides special consideration to
12 States that provide medical assistance under
13 title XIX of the Social Security Act to individ-
14 uals described in section
15 1902(a)(10)(A)(ii)(XVI) of that Act (42 U.S.C.
16 1396a(a)(10)(A)(ii)(XVI)).

17 (B) AWARD LIMITS.—

18 (i) MINIMUM AWARDS.—

19 (I) IN GENERAL.—Subject to
20 subclause (II), no State with an ap-
21 proved application under this section
22 shall receive a grant for a fiscal year
23 that is less than \$500,000.

24 (II) PRO RATA REDUCTIONS.—If
25 the funds appropriated under sub-

1 section (e) for a fiscal year are not
2 sufficient to pay each State with an
3 application approved under this sec-
4 tion the minimum amount described
5 in subclause (I), the Secretary shall
6 pay each such State an amount equal
7 to the pro rata share of the amount
8 made available.

9 (ii) MAXIMUM AWARDS.—No State
10 with an application that has been approved
11 under this section shall receive a grant for
12 a fiscal year that exceeds 15 percent of the
13 total expenditures by the State (including
14 the reimbursed Federal share of such ex-
15 penditures) for medical assistance for indi-
16 viduals eligible under subclause (XV) and
17 (XVI) of section 1902(a)(10)(A)(ii) of the
18 Social Security Act (42 U.S.C.
19 1396a(a)(10)(A)(ii)), as estimated by the
20 State and approved by the Secretary.

21 (c) AVAILABILITY OF FUNDS.—

22 (1) FUNDS AWARDED TO STATES.—Funds
23 awarded to a State under a grant made under this
24 section for a fiscal year shall remain available until
25 expended.

1 (2) FUNDS NOT AWARDED TO STATES.—Funds
2 not awarded to States in the fiscal year for which
3 they are appropriated shall remain available in suc-
4 ceeding fiscal years for awarding by the Secretary.

5 (d) ANNUAL REPORT.—A State that is awarded a
6 grant under this section shall submit an annual report to
7 the Secretary on the use of funds provided under the
8 grant. Each report shall include the percentage increase
9 in the number of title II disability beneficiaries, as defined
10 in section 1148(k)(3) of the Social Security Act (as
11 amended by section 201) in the State, and title XVI dis-
12 ability beneficiaries, as defined in section 1148(k)(4) of
13 the Social Security Act (as so amended) in the State who
14 return to work.

15 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
16 authorized to be appropriated to carry out this section—

- 17 (1) for fiscal year 2000, \$20,000,000;
18 (2) for fiscal year 2001, \$25,000,000;
19 (3) for fiscal year 2002, \$30,000,000;
20 (4) for fiscal year 2003, \$35,000,000;
21 (5) for fiscal year 2004, \$40,000,000; and
22 (6) for each of fiscal years 2005 through 2010,
23 the amount appropriated for the preceding fiscal
24 year under this subsection increased by the percent-
25 age increase (if any) in the Consumer Price Index

1 for All Urban Consumers (United States city aver-
2 age) for the preceding fiscal year.

3 (f) RECOMMENDATION.—Not later than October 1,
4 2009, the Secretary, in consultation with the Ticket to
5 Work and Work Incentives Advisory Panel established
6 under section 101(f), shall submit a recommendation to
7 the Committee on Commerce of the House of Representa-
8 tives and the Committee on Finance of the Senate regard-
9 ing whether the grant program established under this sec-
10 tion should be continued after fiscal year 2010.

11 **SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE**
12 **MEDICAID PROGRAM OF WORKERS WITH PO-**
13 **TENTIALLY SEVERE DISABILITIES.**

14 (a) STATE APPLICATION.—A State may apply to the
15 Secretary of Health and Human Services (in this section
16 referred to as the “Secretary”) for approval of a dem-
17 onstration project (in this section referred to as a “dem-
18 onstration project”) under which up to a specified max-
19 imum number of individuals who are workers with a po-
20 tentially severe disability (as defined in subsection (b)(1))
21 are provided medical assistance equal to that provided
22 under section 1905(a) of the Social Security Act (42
23 U.S.C. 1396d(a)) to individuals described in section
24 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.
25 1396a(a)(10)(A)(ii)(XV)).

1 (b) WORKER WITH A POTENTIALLY SEVERE DIS-
2 ABILITY DEFINED.—For purposes of this section—

3 (1) IN GENERAL.—The term “worker with a
4 potentially severe disability” means, with respect to
5 a demonstration project, an individual who—

6 (A) is at least 16, but less than 65, years
7 of age;

8 (B) has a specific physical or mental im-
9 pairment that, as defined by the State under
10 the demonstration project, is reasonably ex-
11 pected, but for the receipt of items and services
12 described in section 1905(a) of the Social Secu-
13 rity Act (42 U.S.C. 1396d(a)), to become blind
14 or disabled (as defined under section 1614(a) of
15 the Social Security Act (42 U.S.C. 1382c(a)));
16 and

17 (C) is employed (as defined in paragraph
18 (2)).

19 (2) DEFINITION OF EMPLOYED.—An individual
20 is considered to be “employed” if the individual—

21 (A) is earning at least the applicable min-
22 imum wage requirement under section 6 of the
23 Fair Labor Standards Act (29 U.S.C. 206) and
24 working at least 40 hours per month; or

1 (B) is engaged in a work effort that meets
2 substantial and reasonable threshold criteria for
3 hours of work, wages, or other measures, as de-
4 fined under the demonstration project and ap-
5 proved by the Secretary.

6 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

7 (1) IN GENERAL.—Subject to paragraph (3),
8 the Secretary shall approve applications under sub-
9 section (a) that meet the requirements of paragraph
10 (2) and such additional terms and conditions as the
11 Secretary may require. The Secretary may waive the
12 requirement of section 1902(a)(1) of the Social Se-
13 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
14 State demonstrations.

15 (2) TERMS AND CONDITIONS OF DEMONSTRA-
16 TION PROJECTS.—The Secretary may not approve a
17 demonstration project under this section unless the
18 State provides assurances satisfactory to the Sec-
19 retary that the following conditions are or will be
20 met:

21 (A) ELECTION OF OPTIONAL CATEGORY.—

22 The State has elected to provide coverage under
23 its plan under title XIX of the Social Security
24 Act of individuals described in section

1 1902(a)(10)(A)(ii)(XV) of the Social Security
2 Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XV)).

3 (B) MAINTENANCE OF STATE EFFORT.—
4 Federal funds paid to a State pursuant to this
5 section must be used to supplement, but not
6 supplant, the level of State funds expended for
7 workers with potentially severe disabilities
8 under programs in effect for such individuals at
9 the time the demonstration project is approved
10 under this section.

11 (C) INDEPENDENT EVALUATION.—The
12 State provides for an independent evaluation of
13 the project.

14 (3) LIMITATIONS ON FEDERAL FUNDING.—

15 (A) AUTHORIZATION OF APPROPRIA-
16 TIONS.—There is authorized to be appropriated
17 to carry out this section—

18 (i) for fiscal year 2000, \$72,000,000;

19 (ii) for fiscal year 2001, \$74,000,000;

20 (iii) for fiscal year 2002, \$78,000,000;

21 and

22 (iv) for fiscal year 2003, \$81,000,000.

23 (B) LIMITATION ON PAYMENTS.—In no
24 case may—

1 (i) the aggregate amount of payments
2 made by the Secretary to States under this
3 section, other than for administrative ex-
4 penses described in clause (ii), exceed
5 \$300,000,000;

6 (ii) the aggregate amount of payments
7 made by the Secretary to States for ad-
8 ministrative expenses relating to annual re-
9 ports required under subsection (d) exceed
10 \$5,000,000; or

11 (iii) payments be provided by the Sec-
12 retary for a fiscal year after fiscal year
13 2005.

14 (C) FUNDS ALLOCATED TO STATES.—The
15 Secretary shall allocate funds to States based
16 on their applications and the availability of
17 funds. Funds allocated to a State under a grant
18 made under this section for a fiscal year shall
19 remain available until expended.

20 (D) FUNDS NOT ALLOCATED TO STATES.—
21 Funds not allocated to States in the fiscal year
22 for which they are appropriated shall remain
23 available in succeeding fiscal years for alloca-
24 tion by the Secretary using the allocation for-
25 mula established under this section.

1 (E) PAYMENTS TO STATES.—The Sec-
2 retary shall pay to each State with a dem-
3 onstration project approved under this section,
4 from its allocation under subparagraph (C), an
5 amount for each quarter equal to the Federal
6 medical assistance percentage (as defined in
7 section 1905(b) of the Social Security Act (42
8 U.S.C. 1395d(b)) of expenditures in the quarter
9 for medical assistance provided to workers with
10 a potentially severe disability.

11 (d) ANNUAL REPORT.—A State with a demonstration
12 project approved under this section shall submit an annual
13 report to the Secretary on the use of funds provided under
14 the grant. Each report shall include enrollment and finan-
15 cial statistics on—

16 (1) the total population of workers with poten-
17 tially severe disabilities served by the demonstration
18 project; and

19 (2) each population of such workers with a spe-
20 cific physical or mental impairment described in sub-
21 section (b)(1)(B) served by such project.

22 (e) RECOMMENDATION.—Not later than October 1,
23 2002, the Secretary shall submit a recommendation to the
24 Committee on Commerce of the House of Representatives
25 and the Committee on Finance of the Senate regarding

1 whether the demonstration project established under this
 2 section should be continued after fiscal year 2003.

3 (f) STATE DEFINED.—In this section, the term
 4 “State” has the meaning given such term for purposes of
 5 title XIX of the Social Security Act (42 U.S.C. 1396 et
 6 seq.).

7 **SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUS-**
 8 **PEND MEDIGAP INSURANCE WHEN COVERED**
 9 **UNDER A GROUP HEALTH PLAN.**

10 (a) IN GENERAL.—Section 1882(q) of the Social Se-
 11 curity Act (42 U.S.C. 1395ss(q)) is amended—

12 (1) in paragraph (5)(C), by inserting “or para-
 13 graph (6)” after “this paragraph”; and

14 (2) by adding at the end the following new
 15 paragraph:

16 “(6) Each medicare supplemental policy shall
 17 provide that benefits and premiums under the policy
 18 shall be suspended at the request of the policyholder
 19 if the policyholder is entitled to benefits under sec-
 20 tion 226(b) and is covered under a group health
 21 plan (as defined in section 1862(b)(1)(A)(v)). If
 22 such suspension occurs and if the policyholder or
 23 certificate holder loses coverage under the group
 24 health plan, such policy shall be automatically re-
 25 instituted (effective as of the date of such loss of

1 coverage) under terms described in subsection
 2 (n)(6)(A)(ii) as of the loss of such coverage if the
 3 policyholder provides notice of loss of such coverage
 4 within 90 days after the date of such loss.”.

5 (b) EFFECTIVE DATE.—The amendments made by
 6 subsection (a) apply with respect to requests made after
 7 the date of the enactment of this Act.

8 **TITLE III—DEMONSTRATION** 9 **PROJECTS AND STUDIES**

10 **SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-** 11 **GRAM DEMONSTRATION PROJECT AUTHOR-** 12 **ITY.**

13 (a) EXTENSION OF AUTHORITY.—Title II of the So-
 14 cial Security Act (42 U.S.C. 401 et seq.) is amended by
 15 adding at the end the following:

16 “DEMONSTRATION PROJECT AUTHORITY
 17 “SEC. 234. (a) AUTHORITY.—

18 “(1) IN GENERAL.—The Commissioner of So-
 19 cial Security (in this section referred to as the ‘Com-
 20 missioner’) shall develop and carry out experiments
 21 and demonstration projects designed to determine
 22 the relative advantages and disadvantages of—

23 “(A) various alternative methods of treat-
 24 ing the work activity of individuals entitled to
 25 disability insurance benefits under section 223
 26 or to monthly insurance benefits under section

202 based on such individual's disability (as defined in section 223(d)), including such methods as a reduction in benefits based on earnings, designed to encourage the return to work of such individuals;

“(B) altering other limitations and conditions applicable to such individuals (including lengthening the trial work period (as defined in section 222(c)), altering the 24-month waiting period for hospital insurance benefits under section 226, altering the manner in which the program under this title is administered, earlier referral of such individuals for rehabilitation, and greater use of employers and others to develop, perform, and otherwise stimulate new forms of rehabilitation); and

“(C) implementing sliding scale benefit offsets using variations in—

“(i) the amount of the offset as a proportion of earned income;

“(ii) the duration of the offset period;
and

“(iii) the method of determining the amount of income earned by such individuals,

1 to the end that savings will accrue to the Trust
2 Funds, or to otherwise promote the objectives or fa-
3 cilitate the administration of this title.

4 “(2) AUTHORITY FOR EXPANSION OF SCOPE.—

5 The Commissioner may expand the scope of any
6 such experiment or demonstration project to include
7 any group of applicants for benefits under the pro-
8 gram established under this title with impairments
9 that reasonably may be presumed to be disabling for
10 purposes of such demonstration project, and may
11 limit any such demonstration project to any such
12 group of applicants, subject to the terms of such
13 demonstration project which shall define the extent
14 of any such presumption.

15 “(b) REQUIREMENTS.—The experiments and dem-
16 onstration projects developed under subsection (a) shall be
17 of sufficient scope and shall be carried out on a wide
18 enough scale to permit a thorough evaluation of the alter-
19 native methods under consideration while giving assurance
20 that the results derived from the experiments and projects
21 will obtain generally in the operation of the disability in-
22 surance program under this title without committing such
23 program to the adoption of any particular system either
24 locally or nationally.

1 “(c) AUTHORITY TO WAIVE COMPLIANCE WITH
2 BENEFITS REQUIREMENTS.—In the case of any experi-
3 ment or demonstration project conducted under subsection
4 (a), the Commissioner may waive compliance with the ben-
5 efit requirements of this title and the requirements of sec-
6 tion 1148 as they relate to the program established under
7 this title, and the Secretary may (upon the request of the
8 Commissioner) waive compliance with the benefits require-
9 ments of title XVIII, insofar as is necessary for a thorough
10 evaluation of the alternative methods under consideration.
11 No such experiment or project shall be actually placed in
12 operation unless at least 90 days prior thereto a written
13 report, prepared for purposes of notification and informa-
14 tion only and containing a full and complete description
15 thereof, has been transmitted by the Commissioner to the
16 Committee on Ways and Means of the House of Rep-
17 resentatives and to the Committee on Finance of the Sen-
18 ate. Periodic reports on the progress of such experiments
19 and demonstration projects shall be submitted by the
20 Commissioner to such committees. When appropriate,
21 such reports shall include detailed recommendations for
22 changes in administration or law, or both, to carry out
23 the objectives stated in subsection (a).
24 “(d) REPORTS.—

1 “(1) INTERIM REPORTS.—On or before June 9
2 of each year, the Commissioner shall submit to the
3 Committee on Ways and Means of the House of
4 Representatives and to the Committee on Finance of
5 the Senate an annual interim report on the progress
6 of the experiments and demonstration projects car-
7 ried out under this subsection together with any re-
8 lated data and materials that the Commissioner may
9 consider appropriate.

10 “(2) TERMINATION AND FINAL REPORT.—The
11 authority under the preceding provisions of this sec-
12 tion (including any waiver granted pursuant to sub-
13 section (c)) shall terminate 5 years after the date of
14 the enactment of this Act. Not later than 90 days
15 after the termination of any experiment or dem-
16 onstration project carried out under this section, the
17 Commissioner shall submit to the Committee on
18 Ways and Means of the House of Representatives
19 and to the Committee on Finance of the Senate a
20 final report with respect to that experiment or dem-
21 onstration project.”.

22 (b) CONFORMING AMENDMENTS; TRANSFER OF
23 PRIOR AUTHORITY.—

24 (1) CONFORMING AMENDMENTS.—

1 (A) REPEAL OF PRIOR AUTHORITY.—Para-
2 graphs (1) through (4) of subsection (a) and
3 subsection (c) of section 505 of the Social Secu-
4 rity Disability Amendments of 1980 (42 U.S.C.
5 1310 note) are repealed.

6 (B) CONFORMING AMENDMENT REGARD-
7 ING FUNDING.—Section 201(k) of the Social
8 Security Act (42 U.S.C. 401(k)) is amended by
9 striking “section 505(a) of the Social Security
10 Disability Amendments of 1980” and inserting
11 “section 234”.

12 (2) TRANSFER OF PRIOR AUTHORITY.—With
13 respect to any experiment or demonstration project
14 being conducted under section 505(a) of the Social
15 Security Disability Amendments of 1980 (42 U.S.C.
16 1310 note) as of the date of enactment of this Act,
17 the authority to conduct such experiment or dem-
18 onstration project (including the terms and condi-
19 tions applicable to the experiment or demonstration
20 project) shall be treated as if that authority (and
21 such terms and conditions) had been established
22 under section 234 of the Social Security Act, as
23 added by subsection (a).

1 **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**
2 **DUCTIONS IN DISABILITY INSURANCE BENE-**
3 **FITS BASED ON EARNINGS.**

4 (a) **AUTHORITY.**—The Commissioner of Social Secu-
5 rity shall conduct demonstration projects for the purpose
6 of evaluating, through the collection of data, a program
7 for title II disability beneficiaries (as defined in section
8 1148(k)(3) of the Social Security Act) under which bene-
9 fits payable under section 223 of such Act, or under sec-
10 tion 202 of such Act based on the beneficiary's disability,
11 are reduced by \$1 for each \$2 of the beneficiary's earnings
12 that is above a level to be determined by the Commis-
13 sioner. Such projects shall be conducted at a number of
14 localities which the Commissioner shall determine is suffi-
15 cient to adequately evaluate the appropriateness of na-
16 tional implementation of such a program. Such projects
17 shall identify reductions in Federal expenditures that may
18 result from the permanent implementation of such a pro-
19 gram.

20 (b) **SCOPE AND SCALE AND MATTERS TO BE DETER-**
21 **MINED.**—

22 (1) **IN GENERAL.**—The demonstration projects
23 developed under subsection (a) shall be of sufficient
24 duration, shall be of sufficient scope, and shall be
25 carried out on a wide enough scale to permit a thor-
26 ough evaluation of the project to determine—

1 (A) the effects, if any, of induced entry
2 into the project and reduced exit from the
3 project;

4 (B) the extent, if any, to which the project
5 being tested is affected by whether it is in oper-
6 ation in a locality within an area under the ad-
7 ministration of the Ticket to Work and Self-
8 Sufficiency Program established under section
9 1148 of the Social Security Act; and

10 (C) the savings that accrue to the Federal
11 Old-Age and Survivors Insurance Trust Fund,
12 the Federal Disability Insurance Trust Fund,
13 and other Federal programs under the project
14 being tested.

15 The Commissioner shall take into account advice
16 provided by the Ticket to Work and Work Incentives
17 Advisory Panel pursuant to section 101(f)(2)(B)(ii)
18 of this Act.

19 (2) ADDITIONAL MATTERS.—The Commissioner
20 shall also determine with respect to each project—

21 (A) the annual cost (including net cost) of
22 the project and the annual cost (including net
23 cost) that would have been incurred in the ab-
24 sence of the project;

1 (B) the determinants of return to work, in-
2 cluding the characteristics of the beneficiaries
3 who participate in the project; and

4 (C) the employment outcomes, including
5 wages, occupations, benefits, and hours worked,
6 of beneficiaries who return to work as a result
7 of participation in the project.

8 The Commissioner may include within the matters
9 evaluated under the project the merits of trial work
10 periods and periods of extended eligibility.

11 (c) WAIVERS.—The Commissioner may waive compli-
12 ance with the benefit provisions of title II of the Social
13 Security Act, and the Secretary of Health and Human
14 Services may waive compliance with the benefit require-
15 ments of title XVIII of such Act, insofar as is necessary
16 for a thorough evaluation of the alternative methods under
17 consideration. No such project shall be actually placed in
18 operation unless at least 90 days prior thereto a written
19 report, prepared for purposes of notification and informa-
20 tion only and containing a full and complete description
21 thereof, has been transmitted by the Commissioner to the
22 Committee on Ways and Means of the House of Rep-
23 resentatives and to the Committee on Finance of the Sen-
24 ate. Periodic reports on the progress of such projects shall
25 be submitted by the Commissioner to such committees.

1 When appropriate, such reports shall include detailed rec-
2 ommendations for changes in administration or law, or
3 both, to carry out the objectives stated in subsection (a).

4 (d) INTERIM REPORTS.—Not later than 2 years after
5 the date of enactment of this Act, and annually thereafter,
6 the Commissioner of Social Security shall submit to Con-
7 gress an interim report on the progress of the demonstra-
8 tion projects carried out under this subsection together
9 with any related data and materials that the Commis-
10 sioner of Social Security may consider appropriate.

11 (e) FINAL REPORT.—The Commissioner of Social Se-
12 curity shall submit to Congress a final report with respect
13 to all demonstration projects carried out under this section
14 not later than 1 year after their completion.

15 (f) EXPENDITURES.—Expenditures made for dem-
16 onstration projects under this section shall be made from
17 the Federal Disability Insurance Trust Fund and the Fed-
18 eral Old-Age and Survivors Insurance Trust Fund, as de-
19 termined appropriate by the Commissioner of Social Secu-
20 rity, and from the Federal Hospital Insurance Trust Fund
21 and the Federal Supplementary Medical Insurance Trust
22 Fund, as determined appropriate by the Secretary of
23 Health and Human Services, to the extent provided in ad-
24 vance in appropriation Acts.

1 **SEC. 303. STUDIES AND REPORTS.**

2 (a) STUDY BY GENERAL ACCOUNTING OFFICE OF
3 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-
4 TIVES.—

5 (1) STUDY.—As soon as practicable after the
6 date of enactment of this Act, the Comptroller Gen-
7 eral of the United States shall undertake a study to
8 assess existing tax credits and other disability-re-
9 lated employment incentives under the Americans
10 with Disabilities Act of 1990 and other Federal
11 laws. In such study, the Comptroller General shall
12 specifically address the extent to which such credits
13 and other incentives would encourage employers to
14 hire and retain individuals with disabilities.

15 (2) REPORT.—Not later than 3 years after the
16 date of enactment of this Act, the Comptroller Gen-
17 eral shall transmit to the Committee on Ways and
18 Means of the House of Representatives and the
19 Committee on Finance of the Senate a written re-
20 port presenting the results of the Comptroller Gen-
21 eral's study conducted pursuant to this subsection,
22 together with such recommendations for legislative
23 or administrative changes as the Comptroller Gen-
24 eral determines are appropriate.

25 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF
26 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS

1 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-
2 ING CONCURRENT ENTITLEMENT.—

3 (1) STUDY.—As soon as practicable after the
4 date of enactment of this Act, the Comptroller Gen-
5 eral of the United States shall undertake a study to
6 evaluate the coordination under current law of the
7 disability insurance program under title II of the So-
8 cial Security Act and the supplemental security in-
9 come program under title XVI of such Act, as such
10 programs relate to individuals entering or leaving
11 concurrent entitlement under such programs. In
12 such study, the Comptroller General shall specifically
13 address the effectiveness of work incentives under
14 such programs with respect to such individuals and
15 the effectiveness of coverage of such individuals
16 under titles XVIII and XIX of such Act.

17 (2) REPORT.—Not later than 3 years after the
18 date of enactment of this Act, the Comptroller Gen-
19 eral shall transmit to the Committee on Ways and
20 Means of the House of Representatives and the
21 Committee on Finance of the Senate a written re-
22 port presenting the results of the Comptroller Gen-
23 eral's study conducted pursuant to this subsection,
24 together with such recommendations for legislative

1 or administrative changes as the Comptroller Gen-
2 eral determines are appropriate.

3 (c) STUDY BY GENERAL ACCOUNTING OFFICE OF
4 THE IMPACT OF THE SUBSTANTIAL GAINFUL ACTIVITY
5 LIMIT ON RETURN TO WORK.—

6 (1) STUDY.—As soon as practicable after the
7 date of enactment of this Act, the Comptroller Gen-
8 eral of the United States shall undertake a study of
9 the substantial gainful activity level applicable as of
10 that date to recipients of benefits under section 223
11 of the Social Security Act (42 U.S.C. 423) and
12 under section 202 of such Act (42 U.S.C. 402) on
13 the basis of a recipient having a disability, and the
14 effect of such level as a disincentive for those recipi-
15 ents to return to work. In the study, the Comptroller
16 General also shall address the merits of increasing
17 the substantial gainful activity level applicable to
18 such recipients of benefits and the rationale for not
19 yearly indexing that level to inflation.

20 (2) REPORT.—Not later than 2 years after the
21 date of enactment of this Act, the Comptroller Gen-
22 eral shall transmit to the Committee on Ways and
23 Means of the House of Representatives and the
24 Committee on Finance of the Senate a written re-
25 port presenting the results of the Comptroller Gen-

1 eral's study conducted pursuant to this subsection,
2 together with such recommendations for legislative
3 or administrative changes as the Comptroller Gen-
4 eral determines are appropriate.

5 (d) REPORT ON DISREGARDS UNDER THE DI AND
6 SSI PROGRAMS.—Not later than 90 days after the date
7 of enactment of this Act, the Commissioner of Social Secu-
8 rity shall submit to the Committee on Ways and Means
9 of the House of Representatives and the Committee on
10 Finance of the Senate a report that—

11 (1) identifies all income, assets, and resource
12 disregards (imposed under statutory or regulatory
13 authority) that are applicable to individuals receiving
14 benefits under title II or XVI of the Social Security
15 Act (42 U.S.C. 401 et seq., 1381 et seq.);

16 (2) with respect to each such disregard—

17 (A) specifies the most recent statutory or
18 regulatory modification of the disregard; and

19 (B) recommends whether further statutory
20 or regulatory modification of the disregard
21 would be appropriate; and

22 (3) with respect to the disregard described in
23 section 1612(b)(7) of such Act (42 U.S.C.
24 1382a(b)(7)) (relating to grants, scholarships, or fel-
25 lowships received for use in paying the cost of tui-

tion and fees at any educational (including technical or vocational education) institution)—

(A) identifies the number of individuals receiving benefits under title XVI of such Act (42 U.S.C. 1381 et seq.) who have attained age 22 and have not had any portion of any grant, scholarship, or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution excluded from their income in accordance with that section;

(B) recommends whether the age at which such grants, scholarships, or fellowships are excluded from income for purposes of determining eligibility under title XVI of such Act should be increased to age 25; and

(C) recommends whether such disregard should be expanded to include any such grant, scholarship, or fellowship received for use in paying the cost of room and board at any such institution.

(e) STUDY BY THE GENERAL ACCOUNTING OFFICE OF SOCIAL SECURITY ADMINISTRATION'S DISABILITY INSURANCE PROGRAM DEMONSTRATION AUTHORITY.—

1 (1) STUDY.—As soon as practicable after the
2 date of the enactment of this Act, the Comptroller
3 General of the United States shall undertake a study
4 to assess the results of the Social Security Adminis-
5 tration’s efforts to conduct disability demonstrations
6 authorized under prior law as well as under section
7 301 of this Act.

8 (2) REPORT.—Not later than 5 years after the
9 date of the enactment of this Act, the Comptroller
10 General shall transmit to the Committee on Ways
11 and Means of the House of Representatives and the
12 Committee on Finance of the Senate a written re-
13 port presenting the results of the Comptroller Gen-
14 eral’s study conducted pursuant to this section, to-
15 gether with a recommendation as to whether the
16 demonstration authority authorized under section
17 301 of this Act should be made permanent.

18 **TITLE IV—MISCELLANEOUS AND** 19 **TECHNICAL AMENDMENTS**

20 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG** 21 **ADDICTS AND ALCOHOLICS.**

22 (a) CLARIFICATION RELATING TO THE EFFECTIVE
23 DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY
24 BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Sec-

1 tion 105(a)(5) of the Contract with America Advancement
2 Act of 1996 (42 U.S.C. 405 note) is amended—

3 (1) in subparagraph (A), by striking “by the
4 Commissioner of Social Security” and “by the Com-
5 missioner”; and

6 (2) by adding at the end the following:

7 “(D) For purposes of this paragraph, an
8 individual’s claim, with respect to benefits
9 under title II based on disability, which has
10 been denied in whole before the date of the en-
11 actment of this Act, may not be considered to
12 be finally adjudicated before such date if, on or
13 after such date—

14 “(i) there is pending a request for ei-
15 ther administrative or judicial review with
16 respect to such claim; or

17 “(ii) there is pending, with respect to
18 such claim, a readjudication by the Com-
19 missioner of Social Security pursuant to
20 relief in a class action or implementation
21 by the Commissioner of a court remand
22 order.

23 “(E) Notwithstanding the provisions of
24 this paragraph, with respect to any individual
25 for whom the Commissioner of Social Security

1 does not perform the entitlement redetermina-
 2 tion before the date prescribed in subparagraph
 3 (C), the Commissioner shall perform such enti-
 4 tlement redetermination in lieu of a continuing
 5 disability review whenever the Commissioner de-
 6 termines that the individual's entitlement is
 7 subject to redetermination based on the pre-
 8 ceding provisions of this paragraph, and the
 9 provisions of section 223(f) shall not apply to
 10 such redetermination.”.

11 (b) CORRECTION TO EFFECTIVE DATE OF PROVI-
 12 SIONS CONCERNING REPRESENTATIVE PAYEES AND
 13 TREATMENT REFERRALS OF SOCIAL SECURITY BENE-
 14 FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—
 15 Section 105(a)(5)(B) of the Contract with America Ad-
 16 vancement Act of 1996 (42 U.S.C. 405 note) is amended
 17 to read as follows:

18 “(B) The amendments made by para-
 19 graphs (2) and (3) shall take effect on July 1,
 20 1996, with respect to any individual—

21 “(i) whose claim for benefits is finally
 22 adjudicated on or after the date of the en-
 23 actment of this Act; or

1 “(ii) whose entitlement to benefits is
 2 based upon an entitlement redetermination
 3 made pursuant to subparagraph (C).”.

4 (c) EFFECTIVE DATES.—The amendments made by
 5 this section shall take effect as if included in the enact-
 6 ment of section 105 of the Contract with America Ad-
 7 vancement Act of 1996 (Public Law 104–121; 110 Stat.
 8 852 et seq.).

9 **SEC. 402. TREATMENT OF PRISONERS.**

10 (a) IMPLEMENTATION OF PROHIBITION AGAINST
 11 PAYMENT OF TITLE II BENEFITS TO PRISONERS.—

12 (1) IN GENERAL.—Section 202(x)(3) of the So-
 13 cial Security Act (42 U.S.C. 402(x)(3)) is
 14 amended—

15 (A) by inserting “(A)” after “(3)”; and

16 (B) by adding at the end the following:

17 “(B)(i) The Commissioner shall enter into an agree-
 18 ment under this subparagraph with any interested State
 19 or local institution comprising a jail, prison, penal institu-
 20 tion, or correctional facility, or comprising any other insti-
 21 tution a purpose of which is to confine individuals as de-
 22 scribed in paragraph (1)(A)(ii). Under such agreement—

23 “(I) the institution shall provide to the Com-
 24 missioner, on a monthly basis and in a manner spec-
 25 ified by the Commissioner, the names, Social Secu-

1 rity account numbers, dates of birth, confinement
2 commencement dates, and, to the extent available to
3 the institution, such other identifying information
4 concerning the individuals confined in the institution
5 as the Commissioner may require for the purpose of
6 carrying out paragraph (1) and other provisions of
7 this title; and

8 “(II) the Commissioner shall pay to the institu-
9 tion, with respect to information described in sub-
10 clause (I) concerning each individual who is confined
11 therein as described in paragraph (1)(A), who re-
12 ceives a benefit under this title for the month pre-
13 ceding the first month of such confinement, and
14 whose benefit under this title is determined by the
15 Commissioner to be not payable by reason of con-
16 finement based on the information provided by the
17 institution, \$400 (subject to reduction under clause
18 (ii)) if the institution furnishes the information to
19 the Commissioner within 30 days after the date such
20 individual’s confinement in such institution begins,
21 or \$200 (subject to reduction under clause (ii)) if
22 the institution furnishes the information after 30
23 days after such date but within 90 days after such
24 date.

1 “(ii) The dollar amounts specified in clause (i)(II)
 2 shall be reduced by 50 percent if the Commissioner is also
 3 required to make a payment to the institution with respect
 4 to the same individual under an agreement entered into
 5 under section 1611(e)(1)(I).

6 “(iii) There are authorized to be transferred from the
 7 Federal Old-Age and Survivors Insurance Trust Fund and
 8 the Federal Disability Insurance Trust Fund, as appro-
 9 priate, such sums as may be necessary to enable the Com-
 10 missioner to make payments to institutions required by
 11 clause (i)(II).

12 “(iv) The Commissioner shall maintain, and shall
 13 provide on a reimbursable basis, information obtained pur-
 14 suant to agreements entered into under this paragraph to
 15 any agency administering a Federal or federally-assisted
 16 cash, food, or medical assistance program for eligibility
 17 and other administrative purposes under such program.”.

18 (2) CONFORMING AMENDMENTS TO THE PRI-
 19 VACY ACT.—Section 552a(a)(8)(B) of title 5, United
 20 States Code, is amended—

21 (A) in clause (vi), by striking “or” at the
 22 end;

23 (B) in clause (vii), by adding “or” at the
 24 end; and

25 (C) by adding at the end the following:

1 “(viii) matches performed pursuant to
 2 section 202(x)(3) or 1611(e)(1) of the So-
 3 cial Security Act (42 U.S.C. 402(x)(3),
 4 1382(e)(1));”.

5 (3) CONFORMING AMENDMENTS TO TITLE
 6 XVI.—

7 (A) Section 1611(e)(1)(I)(i)(I) of the So-
 8 cial Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I))
 9 is amended by striking “; and” and inserting
 10 “and the other provisions of this title; and”.

11 (B) Section 1611(e)(1)(I)(ii)(II) of such
 12 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amend-
 13 ed by striking “is authorized to provide, on a
 14 reimbursable basis,” and inserting “shall main-
 15 tain, and shall provide on a reimbursable
 16 basis,”.

17 (C) Section 1611(e)(1)(I)(ii)(II) of such
 18 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amend-
 19 ed by striking “eligibility purposes” and insert-
 20 ing “eligibility and other administrative pur-
 21 poses under such program”.

22 (4) EFFECTIVE DATE.—The amendments made
 23 by this subsection shall apply to individuals whose
 24 period of confinement in an institution commences

1 on or after the first day of the fourth month begin-
2 ning after the month in which this Act is enacted.

3 (b) ELIMINATION OF TITLE II REQUIREMENT THAT
4 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-
5 PRISONMENT FOR MORE THAN 1 YEAR.—

6 (1) IN GENERAL.—Section 202(x)(1)(A) of the
7 Social Security Act (42 U.S.C. 402(x)(1)(A)) is
8 amended—

9 (A) in clause (i), by striking “an offense
10 punishable by imprisonment for more than 1
11 year (regardless of the actual sentence im-
12 posed)” and inserting “a criminal offense”; and

13 (B) in clause (ii)(I), by striking “an of-
14 fense punishable by imprisonment for more
15 than 1 year” and inserting “a criminal of-
16 fense”.

17 (2) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply to individuals whose
19 period of confinement in an institution commences
20 on or after the first day of the fourth month begin-
21 ning after the month in which this Act is enacted.

22 (c) CONFORMING TITLE XVI AMENDMENTS.—

23 (1) 50 PERCENT REDUCTION IN TITLE XVI PAY-
24 MENT IN CASE INVOLVING COMPARABLE TITLE II

1 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-
 2 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

3 (A) in clause (i)(II), by inserting “(subject
 4 to reduction under clause (ii))” after “\$400”
 5 and after “\$200”;

6 (B) by redesignating clauses (ii) and (iii)
 7 as clauses (iii) and (iv) respectively; and

8 (C) by inserting after clause (i) the fol-
 9 lowing:

10 “(ii) The dollar amounts specified in clause (i)(II)
 11 shall be reduced by 50 percent if the Commissioner is also
 12 required to make a payment to the institution with respect
 13 to the same individual under an agreement entered into
 14 under section 202(x)(3)(B).”.

15 (2) EXPANSION OF CATEGORIES OF INSTITU-
 16 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH
 17 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of
 18 such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in
 19 the matter preceding subclause (I) by striking “in-
 20 stitution” and all that follows through “section
 21 202(x)(1)(A),” and inserting “institution comprising
 22 a jail, prison, penal institution, or correctional facil-
 23 ity, or with any other interested State or local insti-
 24 tution a purpose of which is to confine individuals
 25 as described in section 202(x)(1)(A)(ii),”.

1 (3) ELIMINATION OF OVERLY BROAD EXEMP-
 2 TION.—Section 1611(e)(1)(I)(iii) of such Act (as re-
 3 designated by paragraph (1)(B)) is amended
 4 further—

5 (A) by striking “(I) The provisions” and
 6 all that follows through “(II)”; and

7 (B) by striking “eligibility purposes” and
 8 inserting “eligibility and other administrative
 9 purposes under such program”.

10 (4) EFFECTIVE DATE.—The amendments made
 11 by this subsection shall take effect as if included in
 12 the enactment of section 203(a) of the Personal Re-
 13 sponsibility and Work Opportunity Reconciliation
 14 Act of 1996 (Public Law 104–193; 110 Stat. 2186).
 15 The reference to section 202(x)(1)(A)(ii) in section
 16 1611(e)(1)(I)(i) of the Social Security Act as
 17 amended by paragraph (2) shall be deemed a ref-
 18 erence to such section 202(x)(1)(A)(ii) of such Act
 19 as amended by subsection (b)(1)(C).

20 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-
 21 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-
 22 TIONS UPON COMPLETION OF PRISON TERM.—

23 (1) IN GENERAL.—Section 202(x)(1)(A) of the
 24 Social Security Act (42 U.S.C. 402(x)(1)(A)) is
 25 amended—

1 (A) in clause (i), by striking “or” at the
2 end;

3 (B) in clause (ii)(IV), by striking the pe-
4 riod and inserting “, or”; and

5 (C) by adding at the end the following new
6 clause:

7 “(iii) immediately upon completion of confine-
8 ment as described in clause (i) pursuant to convic-
9 tion of a criminal offense an element of which is sex-
10 ual activity, is confined by court order in an institu-
11 tion at public expense pursuant to a finding that the
12 individual is a sexually dangerous person or a sexual
13 predator or a similar finding.”.

14 (2) CONFORMING AMENDMENT.—Section
15 202(x)(1)(B)(ii) of such Act (42 U.S.C.
16 402(x)(1)(B)(ii)) is amended by striking “clause
17 (ii)” and inserting “clauses (ii) and (iii)”.

18 (3) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply with respect to bene-
20 fits for months ending after the date of the enact-
21 ment of this Act.

1 **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**
2 **EXEMPTION FROM SOCIAL SECURITY COV-**
3 **ERAGE.**

4 (a) IN GENERAL.—Notwithstanding section
5 1402(e)(4) of the Internal Revenue Code of 1986, any ex-
6 emption which has been received under section 1402(e)(1)
7 of such Code by a duly ordained, commissioned, or li-
8 censed minister of a church, a member of a religious order,
9 or a Christian Science practitioner, and which is effective
10 for the taxable year in which this Act is enacted, may be
11 revoked by filing an application therefor (in such form and
12 manner, and with such official, as may be prescribed by
13 the Commissioner of Internal Revenue), if such applica-
14 tion is filed no later than the due date of the Federal in-
15 come tax return (including any extension thereof) for the
16 applicant's second taxable year beginning after December
17 31, 1999. Any such revocation shall be effective (for pur-
18 poses of chapter 2 of the Internal Revenue Code of 1986
19 and title II of the Social Security Act), as specified in the
20 application, either with respect to the applicant's first tax-
21 able year beginning after December 31, 1999, or with re-
22 spect to the applicant's second taxable year beginning
23 after such date, and for all succeeding taxable years; and
24 the applicant for any such revocation may not thereafter
25 again file application for an exemption under such section
26 1402(e)(1). If the application is filed after the due date

1 of the applicant's Federal income tax return for a taxable
2 year and is effective with respect to that taxable year, it
3 shall include or be accompanied by payment in full of an
4 amount equal to the total of the taxes that would have
5 been imposed by section 1401 of the Internal Revenue
6 Code of 1986 with respect to all of the applicant's income
7 derived in that taxable year which would have constituted
8 net earnings from self-employment for purposes of chapter
9 2 of such Code (notwithstanding paragraphs (4) and (5)
10 of section 1402(c)) except for the exemption under section
11 1402(e)(1) of such Code.

12 (b) EFFECTIVE DATE.—Subsection (a) shall apply
13 with respect to service performed (to the extent specified
14 in such subsection) in taxable years beginning after De-
15 cember 31, 1999, and with respect to monthly insurance
16 benefits payable under title II on the basis of the wages
17 and self-employment income of any individual for months
18 in or after the calendar year in which such individual's
19 application for revocation (as described in such sub-
20 section) is effective (and lump-sum death payments pay-
21 able under such title on the basis of such wages and self-
22 employment income in the case of deaths occurring in or
23 after such calendar year).

1 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**
2 **TO COOPERATIVE RESEARCH OR DEM-**
3 **ONSTRATION PROJECTS UNDER TITLES II**
4 **AND XVI.**

5 (a) IN GENERAL.—Section 1110(a)(3) of the Social
6 Security Act (42 U.S.C. 1310(a)(3)) is amended by strik-
7 ing “title XVI” and inserting “title II or XVI”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall take effect as if included in the enact-
10 ment of the Social Security Independence and Program
11 Improvements Act of 1994 (Public Law 103–296; 108
12 Stat. 1464).

13 **SEC. 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL**
14 **WAGE REPORTS.**

15 (a) IN GENERAL.—Section 1137(a)(3) of the Social
16 Security Act (42 U.S.C. 1320b–7(a)(3)) is amended by
17 inserting before the semicolon the following: “, and except
18 that in the case of wage reports with respect to domestic
19 service employment, a State may permit employers (as so
20 defined) that make returns with respect to such employ-
21 ment on a calendar year basis pursuant to section 3510
22 of the Internal Revenue Code of 1986 to make such re-
23 ports on an annual basis”.

24 (b) TECHNICAL AMENDMENTS.—Section 1137(a)(3)
25 of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is
26 amended—

1 (1) by striking “(as defined in section
2 453A(a)(2)(B)(iii))”; and

3 (2) by inserting “(as defined in section
4 453A(a)(2)(B))” after “employers” .

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to wage reports required to be sub-
7 mitted on and after the date of enactment of this Act.

8 **SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE**
9 **THEIR FEES VIA THE SOCIAL SECURITY AD-**
10 **MINISTRATION.**

11 (a) IN GENERAL.—Section 206 of the Social Security
12 Act (42 U.S.C. 606) is amended by adding at the end the
13 following:

14 “(d) ASSESSMENT ON ATTORNEYS.—

15 “(1) IN GENERAL.—Whenever a fee for services
16 is required to be certified for payment to an attorney
17 from a claimant’s past-due benefits pursuant to sub-
18 section (a)(4)(A) or (b)(1)(A), the Commissioner
19 shall impose on the attorney an assessment cal-
20 culated in accordance with paragraph (2).

21 “(2) AMOUNT.—

22 “(A) The amount of an assessment under
23 paragraph (1) shall be equal to the product ob-
24 tained by multiplying the amount of the rep-
25 resentative’s fee that would be required to be so

1 certified by subsection (a)(4)(A) or (b)(1)(A)
2 before the application of this subsection, by the
3 percentage specified in subparagraph (B).

4 “(B) The percentage specified in this sub-
5 paragraph is—

6 “(i) for calendar years before 2001,
7 6.3 percent, and

8 “(ii) for calendar years after 2000,
9 6.3 percent or such different percentage
10 rate as the Commissioner determines is
11 necessary in order to achieve full recovery
12 of the costs of certifying fees to attorneys
13 from the past-due benefits of claimants.

14 “(3) COLLECTION.—The Commissioner may
15 collect the assessment imposed on an attorney under
16 paragraph (1) by offset from the amount of the fee
17 otherwise required by subsection (a)(4)(A) or
18 (b)(1)(A) to be certified for payment to the attorney
19 from a claimant’s past-due benefits.

20 “(4) PROHIBITION ON CLAIMANT REIMBURSE-
21 MENT.—An attorney subject to an assessment under
22 paragraph (1) may not, directly or indirectly, re-
23 quest or otherwise obtain reimbursement for such
24 assessment from the claimant whose claim gave rise
25 to the assessment.

1 “(5) DISPOSITION OF ASSESSMENTS.—Assess-
 2 ments on attorneys collected under this subsection
 3 shall be credited to the Federal Old-Age and Sur-
 4 vivors Insurance Trust Fund and the Federal Dis-
 5 ability Insurance Trust Fund, as appropriate.

6 “(6) AUTHORIZATION OF APPROPRIATIONS.—
 7 The assessments authorized under this section shall
 8 be collected and available for obligation only to the
 9 extent and in the amount provided in advance in ap-
 10 propriations Acts. Amounts so appropriated are au-
 11 thorized to remain available until expended, for ad-
 12 ministrative expenses in carrying out title II of the
 13 Social Security Act and related laws.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 206(a)(4)(A) of such Act (42
 16 U.S.C. 606(a)(4)(A)) is amended by inserting “and
 17 subsection (d)” after “subparagraph (B)”.

18 (2) Section 206(b)(1)(A) of such Act (42
 19 U.S.C. 606(b)(1)(A)) is amended by inserting “, but
 20 subject to subsection (d) of this section” after “sec-
 21 tion 205(i)”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply in the case of any attorney with
 24 respect to whom a fee for services is required to be cer-
 25 tified for payment from a claimant’s past-due benefits

1 pursuant to subsection (a)(4)(A) or (b)(4)(A) of section
 2 206 of the Social Security Act after—

3 (1) December 31, 1999, or

4 (2) the last day of the first month beginning
 5 after the month in which this Act is enacted.

6 **SEC. 407. EXTENSION OF AUTHORITY OF STATE MEDICAID**
 7 **FRAUD CONTROL UNITS.**

8 (a) EXTENSION OF CONCURRENT AUTHORITY TO IN-
 9 VESTIGATE AND PROSECUTE FRAUD IN OTHER FEDERAL
 10 HEALTH CARE PROGRAMS.—Section 1903(q)(3) of the
 11 Social Security Act (42 U.S.C. 1396b(q)(3)) is amended—

12 (1) by inserting “(A)” after “in connection
 13 with”; and

14 (2) by striking “title.” and inserting “title; and

15 (B) upon the approval of the Inspector General of
 16 the relevant Federal agency in a particular case or
 17 investigation, any aspect of the provision of health
 18 care services and activities of providers of such serv-
 19 ices under any Federal health care program (as de-
 20 fined in section 1128B(f)(1)), if (i) the suspected
 21 fraud or violation of law in such case or investiga-
 22 tion is primarily related to the State plan under this
 23 title, and (ii) when such approval is granted, the In-
 24 spector General of the relevant Federal agency re-
 25 tains the continuing authority to join the case or in-

1 vestigation, or after consultation with the entity, to
2 replace the entity as the primary agency assigned to
3 the case or investigation.”.

4 (b) RECOUPMENT OF FUNDS.—Section 1903(q)(5) of
5 such Act (42 U.S.C. 1396b(q)(5)) is amended—

6 (1) by inserting “or under any Federal health
7 care program (as so defined)” after “plan”; and

8 (2) by adding at the end the following: “All
9 funds collected in accordance with this paragraph
10 shall be credited exclusively to, and available for ex-
11 penditure under, the Federal health care program
12 (including the State plan under this title) that was
13 subject to the activity that was the basis for the col-
14 lection.”.

15 (c) EXTENSION OF AUTHORITY TO INVESTIGATE
16 AND PROSECUTE RESIDENT ABUSE IN NON-MEDICAID
17 BOARD AND CARE FACILITIES.—Section 1903(q)(4) of
18 such Act (42 U.S.C. 1396b(q)(4)) is amended to read as
19 follows:

20 “(4)(A) The entity has—

21 “(i) procedures for reviewing complaints of
22 abuse or neglect of patients in health care fa-
23 cilities which receive payments under the State
24 plan under this title;

1 “(ii) at the option of the entity, procedures
2 for reviewing complaints of abuse or neglect of
3 patients residing in board and care facilities;
4 and

5 “(iii) procedures for acting upon such com-
6 plaints under the criminal laws of the State or
7 for referring such complaints to other State
8 agencies for action.

9 “(B) For purposes of this paragraph, the term
10 ‘board and care facility’ means a residential setting
11 which receives payment (regardless of whether such
12 payment is made under the State plan under this
13 title) from or on behalf of two or more unrelated
14 adults who reside in such facility, and for whom one
15 or both of the following is provided:

16 “(i) Nursing care services provided by, or
17 under the supervision of, a registered nurse, li-
18 censed practical nurse, or licensed nursing as-
19 sistant.

20 “(ii) A substantial amount of personal care
21 services that assist residents with the activities
22 of daily living, including personal hygiene,
23 dressing, bathing, eating, toileting, ambulation,
24 transfer, positioning, self-medication, body care,

1 travel to medical services, essential shopping,
2 meal preparation, laundry, and housework.”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section take effect on the date of enactment of this
5 Act.

6 **SEC. 408. ELIMINATION OF FRAUD AND ABUSE ASSOCIATED**
7 **WITH CERTAIN PAYMENTS UNDER THE MED-**
8 **ICAID PROGRAM.**

9 (a) REQUIREMENTS FOR PAYMENTS.—Section
10 1903(i) of the Social Security Act (42 U.S.C. 1396b(i))
11 is amended—

12 (1) in paragraph (19), by striking the period at
13 the end and inserting “; or”;

14 (2) by inserting after paragraph (19) the fol-
15 lowing:

16 “(20) with respect to any amount expended for
17 an item or service provided under the plan, or for
18 any administrative expense incurred to carry out the
19 plan, which is provided or incurred by, or on behalf
20 of, a local educational agency or school district—

21 “(A) for which payment is made for a bun-
22 dled group of individual items, services, and ad-
23 ministrative expenses, unless payment for the
24 grouped items, services, and administrative ex-

1 penses is made in accordance with a system
2 that is approved by the Secretary and that—

3 “(i) provides for an itemization to the
4 Secretary for assuring accountability of
5 cost of the grouped items, services, and ad-
6 ministrative expenses and includes pay-
7 ment rates and the methodologies under-
8 lying the establishment of such rates;

9 “(ii) has an actuarially sound basis
10 for determining the payment rates and the
11 methodologies; and

12 “(iii) reconciles payments for the
13 grouped items and services provided and
14 administrative expenses incurred under
15 this title with their cost; or

16 “(B) for which payment is otherwise made
17 using a fee-for-service methodology, unless pay-
18 ment for the item, service, or administrative ex-
19 pense is made in accordance with a system that
20 is approved by the Secretary and that reim-
21 burses only for the cost of an item or service
22 provided and an administrative expense in-
23 curred that is reasonable and related to the cost
24 of providing or incurring such item, service, or
25 administrative expense or that is based on such

1 other tests of reasonableness as the Secretary
2 prescribes in regulations; or

3 “(21) with respect to any transportation service
4 provided by, or on behalf of, a local educational
5 agency or school district for a child unless—

6 “(A) a medical need for transportation is
7 noted in the individual education plan of the
8 child, including a child residing in a geographic
9 area within which school bus transportation is
10 otherwise not provided;

11 “(B) the vehicle used to furnish such
12 transportation service is specially equipped to
13 accommodate individuals with special medical
14 needs; and

15 “(C) the payment for such service—

16 “(i) is made only with respect to costs
17 associated with transporting individuals
18 whose medical needs require transport in
19 such a vehicle; and

20 “(ii) reflects only the proportion of
21 the transportation costs equal to—

22 “(I) the proportion of time spent
23 by such individuals at such location in
24 activities relating to the receipt of cov-
25 ered services under this title; or

1 “(II) such other proportion based
2 on an allocation method that the Sec-
3 retary finds reasonable in light of the
4 benefit to the program under this title
5 and consistent with the cost principles
6 contained in OMB Circular A-87; or

7 “(22) with respect to any amount expended for
8 an item or service under the plan or for any admin-
9 istrative expense to carry out the plan provided by
10 a public agency that enters into a contract with an
11 entity for the development and operation of submit-
12 ting claims for such amount unless the agency—

13 “(A) uses a competitive bidding process or
14 otherwise to contract with such entity at a rea-
15 sonable rate commensurate with the services
16 performed by such entity; and

17 “(B) requires that any fees (including any
18 administrative fees) to be paid to the entity for
19 the development of the claims procedure are
20 identified as a non-contingent, specified dollar
21 amount in the contract.”; and

22 (3) in the third sentence, by striking “(17), and
23 (18)” and inserting “(17), (18), (19), (20), and
24 (21)”.

1 (b) PROVISION OF ITEMS AND SERVICES THROUGH
2 MEDICAID MANAGED CARE ORGANIZATIONS.—Section
3 1903(m)(2)(A) of the Social Security Act (42 U.S.C.
4 1396b(m)(2)(A)) is amended by redesignating clause (xi)
5 (as added by section 4701(c)(3) of the Balanced Budget
6 Act of 1997) as clause (xiii), by striking “and” at the end
7 of clause (xi), and by inserting after clause (xi) the fol-
8 lowing:

9 “(xii) such contract provides that with respect
10 to payment for, and coverage of, such services in any
11 case in which—

12 “(I) a medicaid managed care organization
13 is responsible for providing such services to a
14 child eligible for benefits under this title but
15 coverage of services required under the child’s
16 individual education plan is not included in the
17 managed care contract but is the responsibility
18 of the local educational agency or school district
19 in the State; or

20 “(II) acute care services are available in
21 the schools to children enrolled under such con-
22 tract,
23 that there are assurances in the State plan and in
24 the managed care contract that coordination exists
25 between the local educational agency or school dis-

1 trict and the managed care plan to prevent duplica-
2 tion of services or duplication of payments under
3 this title for such services.”

4 (c) ALLOWABLE SHARE OF FFP WITH RESPECT TO
5 PAYMENT FOR SERVICES FURNISHED IN SCHOOL SET-
6 TING.—Section 1903 of the Social Security Act (42 U.S.C.
7 1396b) is amended by adding at the end the following:
8 “(x) In the case of any Federal financial participation
9 amount determined under subsection (a) with respect to
10 any expenditure for an item or service under the plan, or
11 for any administrative expense to carry out the plan,
12 which is furnished by a local educational agency or school
13 district, the State shall provide that—

14 “(1) 100 percent of such amount be paid to
15 such agency or district, or

16 “(2) a percentage of such amount be retained
17 by the State, but only to the extent such percentage
18 does not exceed the percentage of such expenditure
19 funded by State general revenue sources dedicated
20 for such purpose.”

21 (d) UNIFORM METHODOLOGY FOR SCHOOL-BASED
22 CLAIMS.—Not later than 90 days after the date of enact-
23 ment of this Act, the Administrator of the Health Care
24 Financing Administration, in consultation with State med-
25 icaid and educational agencies and local school systems,

1 shall develop and implement a uniform methodology for
2 claims for payment of medical assistance and related ad-
3 ministrative expenses furnished under title XIX of the So-
4 cial Security Act by schools. Such methodology for admin-
5 istrative expenses shall be based on standards related to
6 time studies and population estimates and a national
7 standard for determining payment for such administrative
8 expenses.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to items and services provided on
11 and after the date of enactment of this Act, without regard
12 to whether implementing regulations are in effect. The
13 Secretary of Health and Human Services shall promulgate
14 such final regulations as are necessary to carry out such
15 amendments not later than 1 year after such date of en-
16 actment.

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